

MISSOURI
TECHNOLOGY
CORPORATION

Annual Report 2024

Fiscal Year July 1, 2023 - June 30, 2024

November 1, 2024

Respectfully Submitted by:

Dan Cobb
Board of Directors Chair

Jack Scatizzi, Ph.D.
Executive Director



October 31, 2024

The Honorable Michael Parson
Governor of the State of Missouri
State Capitol, Room 216
Jefferson City, MO 65101

The Honorable Caleb Rowden
President Pro-Tem of the Missouri Senate
State Capitol, Room 326
Jefferson City, MO 65101

The Honorable Dean Plocher
Speaker of the Missouri House of Representatives
State Capitol, Room 308
Jefferson City, MO 65101

Dear Governor Parson, President Pro-Tem Rowden, and Speaker Plocher:

Pursuant to Section 348.256 (6), I write to provide the annual report for the Missouri Technology Corporation ("MTC") which is enclosed. The MTC is a public-private partnership created by the Missouri General Assembly to promote entrepreneurship and foster the growth of new and emerging high-tech companies.

As you know, the MTC is a not-for-profit corporation under Missouri law and remains in good standing. It is governed by a 15-member board of directors appointed by Missouri's Governor, Speaker of the House, and President Pro-Tern of the Senate. The President of the University of Missouri System and the Director of the Department of Economic Development are ex officio members of the board.

In FY22, MTC conducted an extensive statewide strategic initiative process, utilizing TEconomy Partners, a national leader in the development of innovation-driven economies. This effort included a 16-person steering committee and engagement with nearly 500 individuals in the state's innovation and entrepreneurial ecosystems through digital surveys, individual meetings, and virtual regional and statewide gatherings. The outcome of this initiative was the Catalyzing Innovation Report, providing MTC with a strategic vision. Each year, MTC releases an Implementation Plan outlining achievements from the previous year and setting priorities for the future. FY24 marks the second full year of MTC implementing our strategic plan.

This annual report highlights our achievements, including the addition of two new grant programs - Physical Infrastructure and Regional Node - to our core grant programs. We continue to support entrepreneurial capacity through the MOBEC Grant Program and the growth of our IDEA Fund Co-Investment Program. The Physical Infrastructure Grant Program ensures entrepreneurs have the resources to launch and grow their businesses in Missouri, while the Regional Node Grant program supports regional nodes for direct access to resources. These programs were developed based on recommendations from the Catalyzing Innovation Report. FY24 was a notable year for MTC, with the following key accomplishments:

- Thanks to another year of a strong state appropriation and continued access to the federal State Small Business Credit Initiative program (SSBCI), MTC awarded almost \$24 million in funding for FY24. This impressive amount aligns with the total funding awarded in FY23 but is nearly 8 times higher than the funds awarded in both FY21 and FY22.



- In FY24 MTC awarded over \$12.6 million in grants to 34 organizations (non-profit or institutions of higher education) to enhance the state's entrepreneurial capacity. Over \$6.5 million was awarded through MTC's three core competitive grant programs - MOBEC, Physical Infrastructure, and Regional Node. This represents a significant increase compared to previous fiscal years, nearly doubling the grant funding awarded in FY23 and increasing nearly six-fold from FY21 and FY22.
- In the spring, MTC's state-sponsored venture capital program surpassed the \$50 million invested mark, solidifying our program one of the longest continuously active and most prolific state-sponsored venture capital programs in the nation. To date, MTC has invested over \$52 million of public funds, primarily from the federal SSBCI Program, into over 160 Missouri-based early-stage high-growth potential companies. MTC's portfolio of direct investments has raised over \$2.1 billion in additional private capital and created over 8,000 jobs in Missouri.
- In FY24, MTC awarded nearly \$11.3 million in investment allocations to 37 Missouri-based early-stage high-growth potential companies through our state-sponsored venture capital program. The majority of these investments will be funded through the federal SSBCI program, and all require matching funds from private investors (on average greater than a 4:1 ratio of private funds to public funds).
- MTC collaborated with Justine PETERSEN to develop a proposal for a new Loan Participation Program (IgniteMO) that was approved by Treasury in the spring. The program aims to deploy \$15 million of the state's \$95 million allocation from the federally funded SSBCI 2.0 program. The program was launched in early FY25 and is projected to participate in \$16M worth of loans to over 150 Missouri-based small businesses in its first year.

It is my honor and privilege to serve as chair of the Missouri Technology Corporation. I want to express my gratitude for your support and extend a special thank you to Representative Alex Riley, Senator Denny Hoskins, and Senator Travis Fitzwater for their exceptional service this fiscal year. I am incredibly grateful for the opportunity to leverage their valuable expertise to promote innovation and entrepreneurship in Missouri. MTC is supported by a dedicated staff and a determined Board of Directors committed to seizing the opportunities presented by the FY24 implementation plan for Catalyzing Innovation to benefit the entire state of Missouri. I am confident that we will continue to fulfill our mission leading to the creation of new companies, jobs, and increased tax revenue in Missouri.

Please do not hesitate to contact me if you have any questions.

Best regards,

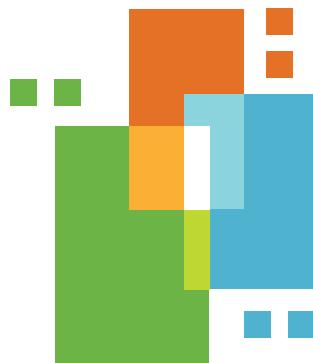
Dan Cobb

Chair, Missouri Technology Corporation

cc: MTC Board of Directors (electronic copy)

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MISSOURI TECHNOLOGY CORPORATION

Core Values

Integrity

Honesty and candor are the foundation on which MTC builds long-term, trusting relationships with stakeholders.

Transparency

MTC is committed to openness in its operations and active communication with stakeholders.

Accountability

MTC recognizes that it holds a position of public trust and is the steward of public funds. MTC makes informed decisions, takes responsibility for its actions, and tracks the outcomes of its investments.

Independence

The governance, policies, programs, and funding decisions of MTC are nonpartisan and merit-based.

Collaboration

Meaningful partnerships can produce game-changing results for Missouri. MTC is committed to actively collaborating with strategic partners.

Mission

Our mission is to provide leadership and make strategic investments that help entrepreneurs create and grow technology-based Missouri businesses.

Vision

Our vision is to transform Missouri through the power of entrepreneurship by serving as a catalyst for technology-based innovation to achieve sustainable economic growth.

Catalyzing Innovation

Strategies for Missouri to Drive Innovation & Entrepreneurship

Missouri Technology Corporation (MTC) is a public-private partnership created by the Missouri General Assembly, to catalyze innovation and entrepreneurship within the State of Missouri by fostering the growth of Missouri-based high-tech companies. Through direct appropriations from the state budget and access to federally funded programs, MTC receives public funding to fulfill its mission of making strategic investments that help create and grow Missouri-based innovation-focused businesses.

MTC released a report titled "Catalyzing Innovation: Strategies for Missouri to Drive Innovation and Entrepreneurship" in February 2022. The report developed by TEconomy Partners, LLC (TEconomy) was informed by a robust, six-month planning process with guidance from a 16-member statewide steering committee and engagement from over 500 individuals across the state through a digital survey and virtual regional and statewide engagement meetings. Based on a data-driven analysis of the insights collected, TEconomy identified five critical challenges to be addressed. They then recommended 16 bold action items, categorized under five strategic approaches, to address the challenges and catalyze the state's innovation and entrepreneurship ecosystems to drive economic development over the next decade.

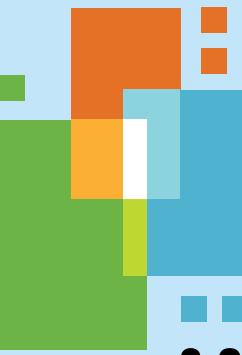
TEconomy's analysis revealed that MTC has been an essential asset in driving economic development through entrepreneurship over

the last decade. The organization's success resulted from strategic planning and execution surrounding the promotion of entrepreneurship and innovation within the state's AgTech and biotech industries and, emerging high-growth technology markets. For Missouri to continue to maximize the economic development gains from the state's entrepreneurs, MTC proposes to lead the state in determining how to promote entrepreneurship and support the advancement of innovation and technology to continue to drive economic growth through the next decade.

The annual Implementation Plan outlines how MTC will execute the strategies suggested by TEconomy. It considers available resources, capabilities, and alignment with the organization's mission. MTC will lead some actions and provide support to others. The plan will be publicly released and updated annually for transparency and accountability.

A copy of the Executive Summary of the Catalyzing Innovation Report and FY25 Implementation Plans have been included as Appendices, and a full version of the report is available on MTC's website.

As part of TEconomy's analysis of the state's innovation and entrepreneurial ecosystems, they completed an economic development impact analysis of MTC's programs for FY14 through FY21. The results of the analysis can be found in the Economic Development Overview & Impact of MTC's Programs Section on page 17.



MISSOURI
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Challenge 1: While the amount of risk capital dollars invested in Missouri has grown, the number of deals has declined, making risk capital difficult to access for many entrepreneurs across Missouri.

Fund

Strategy: Deploy greater investment capital to help meet the demands of the growing entrepreneurial base.

Challenge 2: Entrepreneurial support services and physical infrastructure remain less accessible among underrepresented minorities and those living in rural areas.

Grow & Scale

Strategy: Increase access to quality entrepreneurial support services throughout Missouri to ensure companies are able to grow and scale.

Challenge 3: There is untapped potential at Missouri's research institutions that is limiting ideation and entrepreneurship.

Launch & Cultivate

Strategy: Take advantage of Missouri's research strengths by converting the intellectual assets into market opportunities.

Catalyzing Innovation

Challenges & Strategies

Challenge 4: Not enough Missourians are participating in innovative and entrepreneurial endeavors, thereby making access to talent difficult for many startups and growing firms.

Inspire

Strategy: Encourage more Missourians to participate in innovation and entrepreneurship.

Challenge 5: There is a lack of connectivity among the various components of Missouri's I&E ecosystem, both literally (e.g., broadband) as well as figuratively (e.g., perceived competition and siloed efforts).

Connect

Strategy: Overcome physical and cultural barriers to better connect Missouri's communities with each other and with the world.

Board of Directors

At end of fiscal year 2024

Ms. Kathryn Allen

Shareholder

Polsinelli

Kansas City, Missouri

Jim Baker, Ph.D.

*Vice President for Research and
Economic Development Emeritus
Missouri State University
Springfield, Missouri*

Mr. Dan Cobb

*Serial Entrepreneur
Springfield, Missouri*

Mr. Allen Dillingham

*Director of Government Affairs
The Builders' Association
Kansas City, Missouri*

Mr. Chris Dittmer

*Vice President, IBM Cloud Platform and
Platform-as-a-Service (PaaS)
Jackson, Missouri*

Timothy L. Faley, Ph.D.

*Associate Vice Chancellor of Innovation,
Entrepreneurship, and Commercialization
Missouri University Science & Technology
Rolla, Missouri*

The Honorable Travis Fitzwater

*Missouri Senate
Fulton, Missouri*

Ms. Michelle Hataway

*Director
Missouri Department of Economic
Development
Jefferson City, Missouri*

Mr. Erwin Switzer

Officer

Greensfelder, Hemker and Gale P.C.

St. Louis, Missouri

Mr. Michael J. O'Connell III

*United Association of Plumbers and
Pipefitters
St. Louis, Missouri*

Ms. Stephanie Regagnon

*Executive Director, Innovation Partnerships
Danforth Plant Science Center
St. Louis, Missouri*

The Honorable Alex Riley

*Missouri House of Representatives
Springfield, Missouri*

Mr. Donn Rubin

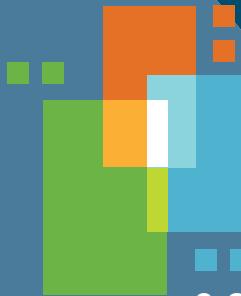
*President & CEO
BioSTL
St. Louis, Missouri*

Mr. Tony Sardella

*Chairman and CEO
API Innovation Center
St. Louis, Missouri*

Tom Spencer, Ph.D.

*Delegate for President of Univ. of Missouri
Vice Chancellor for Research and
Economic Development
University of Missouri System
Columbia, Missouri*



MISSOURI
TECHNOLOGY
CORPORATION

Officers

Dan Cobb

Chair

Erv Switzer

Vice Chair

Erv Switzer

Treasurer/Secretary

Committees

EXECUTIVE COMMITTEE

Dan Cobb, Chair

Erv Switzer, Vice Chair

Kathryn Allen, Allen Dillingham, and Michelle Hataway

AUDIT & FINANCE COMMITTEE*

Erv Switzer, Chair

Allen Dillingham, Vice Chair

Dr. Jim Baker, Dan Cobb, Mike O'Connell, and
Donn Rubin

INVESTMENT COMMITTEE

Kathryn Allen, Chair

Dr. Tim Faley, Vice Chair

Dan Cobb

**Also addresses conflict of interest issues*

Staff

Dr. Jack Scatizzi

Executive Director

Ms. Julia Campbell

IDEA Fund Manager

Dr. Sheila Baker

Grants Program Manager

Ms. Taylor Kasper

Operations Manager

Ms. Melissa Grizzle

Venture Capital Portfolio Manager

Ms. Jenni Rabenau

Marketing & Communications Strategist

Ms. Amy Steinman

Finance and Compliance Administrator

Mr. Nate Marschalk

Entrepreneurial Ecosystem Grants Coordinator

Mr. Malachi Sutton

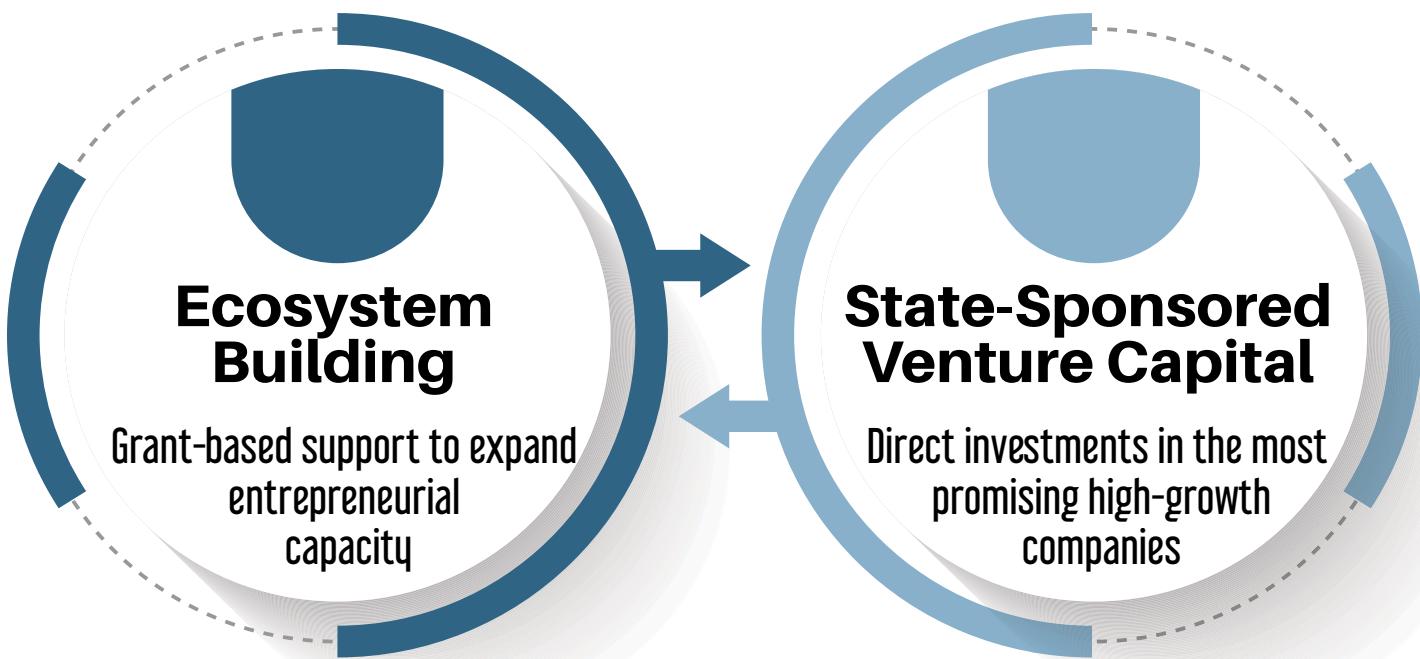
Venture Associate

The Executive Committee and Audit & Finance Committee are established by Articles VI and VII, respectively, of the by-laws that were approved in May 2008. Additionally, standing or special committees may be appointed as stated in Article VIII.

Programmatic Strategy

MTC achieves its mission through two main programmatic activities – grant-based support to expand entrepreneurial capacity and direct investments in the state's most promising high-growth companies through a state-sponsored venture capital program. MTC provides grant-based funding to organizations that provide resources and training to the state's entrepreneurs in an effort to expand the state's entrepreneurial capacity. Through its grant programs, the organization has awarded nearly \$60M in state-funded matching grants to more than 65 organizations with over \$40M specifically dedicated to expanding entrepreneurial capacity within the state through matching grants. MTC's other main activity is managing a state-sponsored venture capital program. Over the past decade, MTC has invested over \$52 million into over 160 early-stage Missouri-based high-growth potential technology-focused companies, which have raised over \$2.1 billion in additional private capital and created 8,000 high-paying jobs within the state.

These activities are connected, in that by enhancing the state's entrepreneurial capacity it creates more and higher quality investment opportunities for our direct investment activities. And the returns from our state-sponsored venture capital program can be used to provide additional grant-based financial support to the state's innovation and entrepreneurial ecosystems, thereby continuing to expand Missouri's entrepreneurial capacity.



Programmatic Activity

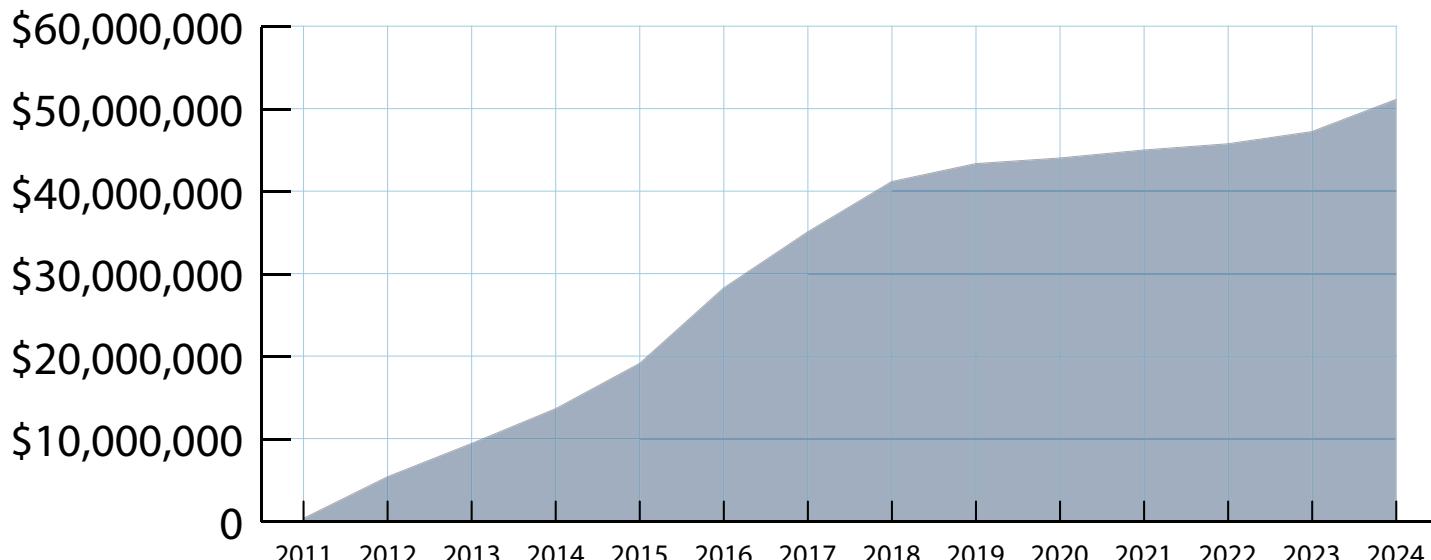
The organization saw continued growth in public funding in FY24, including another year of a strong state appropriation and continued access to the federal SSBCI 2.0 program funds. For FY23 and FY24, MTC received over \$43.5 million in state funding, a significant increase from \$3 million in FY22 and \$1 million in FY21. This allowed MTC to award over \$23 million in funding in FY24, a significant increase from previous years. Specifically, MTC awarded over \$11 million in IDEA Fund investments to over 35 Missouri-based high-growth potential companies and awarded over \$12 million through nearly 35 grants intended to expand the state's entrepreneurial capacity.

Ecosystem Building Grant-Based Activity (FY21-24)

	FY 2021		FY 2022		FY 2023		FY 2024	
	Funding	Grants	Funding	Grants	Funding	Grants	Funding	Grants
Core Grant Programs	\$1,018,049	7	\$1,113,334	7	\$3,117,105	16	\$6,520,465	30
MOBEC	\$1,018,049	7	\$1,113,334	7	\$2,017,927	10	\$3,065,054	8
Physical Infrastructure	N/A		N/A		\$1,099,178	6	\$1,845,411	7
Regional Node	N/A		N/A		N/A		\$1,610,000	15
Missouri Enterprise (MEP)	\$314,747	1	\$314,747	1	\$539,747	1	\$750,000	1
Special Grant Programs	N/A		N/A		\$14,850,000	2	\$5,341,320	3
TOTAL Grants Awarded	\$1,332,796	8	\$1,428,081	8	\$18,506,852	19	\$12,611,785	34

State-Sponsored Venture Capital

Total amount invested as of July 1 in the respective year since the beginning of the program.



Ecosystem Building

MTC offers a variety of ongoing and new grant programs to support the entrepreneurial ecosystem across Missouri. The grant programs are driven by the strategies outlined in the Catalyzing Innovation: Strategies for Missouri to Drive Innovation and Entrepreneurship (the "Catalyzing Innovation Report"). Each grant program serves to create opportunities for entrepreneurship support organizations to develop and implement programs that fit into one, or more, of the five key strategies. MTC's matching grant programs aim to provide access to public funding to the state's non-profit entrepreneurial support organizations and institutions of higher education to support their programmatic activities that foster innovation and entrepreneurship within their regions and communities.

Missouri Building Entrepreneurial Capacity Grant Program (MOBEC)

The MOBEC program deploys grant awards to organizations or institutions of higher education to create more home-grown, high-tech companies. Missouri must support entrepreneurs and foster innovation. It is for this reason that the MOBEC program is a cornerstone of MTC's investment strategy. Through the MOBEC Grant Program, MTC makes strategic investments that expand the support system for entrepreneurs that are commercializing new technologies or that enhance the capacity of Missouri to grow its innovation economy.

Physical Infrastructure Grant Program

An entrepreneurial hub serves as a focal point where entrepreneurs can connect with a vast network of contacts, fostering relationships and collaborations. Consequently, MTC offers grants to ensure that entrepreneurs across the state can avail themselves of the necessary physical infrastructure (such as co-working spaces, office spaces with flexible leases, meeting rooms, etc.) to establish and expand their businesses.

Regional Node Grant Program

To support the development of regional nodes across the state to allow entrepreneurs direct access to resources in their regions, MTC launched a Regional Node Planning Grant Program in the summer of 2023. The 2024 Regional Node Grant Program is intended to provide funds for the implementation or execution of each region's strategy for the establishment or continued operations of regional entrepreneurial nodes. Recipients of a Regional Node Grant are not required to have applied for or been awarded a Regional Node Planning Grant.

Missouri Manufactured Extension Partnership Program (MEP)

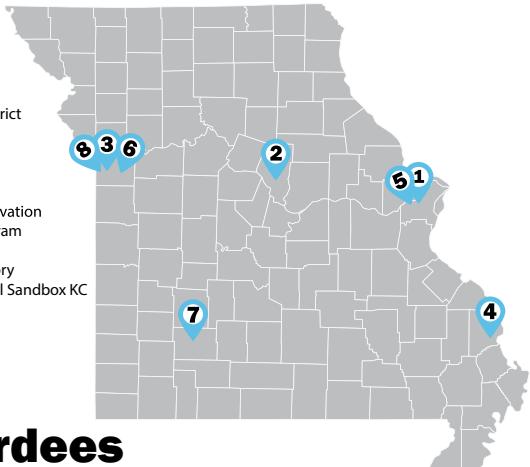
MEP centers provide custom services to small and medium-sized manufacturers (SMMs) to improve production processes, upgrade technological capabilities, and facilitate product innovation. The program is managed by Missouri Enterprise, which provides access to resources and expertise to help manufacturers improve their productivity, reduce costs, and expand capacity. Funding from MTC serves as the required state match funds for the federal MEP program.

Grants Awarded

MTC MOBEC Grant Program

Operations Support
1 - 39 North AgTech Innovation District
2 - Missouri Innovation Center

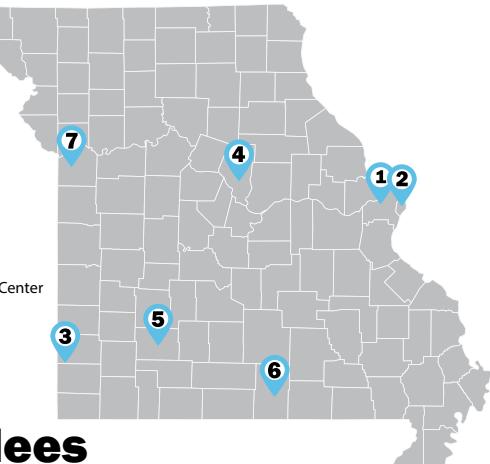
Project Support
3 - BioNexus KC - Digital Health KC
4 - Codefi Foundation on Rural Innovation
5 - Cortex - Venture Readiness Program
6 - LaunchKC
7 - Missouri State University'sefactory
8 - UMKC Innovation Center - Digital Sandbox KC



2024 Awardees

MTC Physical Infrastructure Grant Program

1 - 39North
2 - BioSTL - Cortex
3 - JACC - Joseph Newman Innovation Center
4 - Missouri Innovation Center, Inc.
5 - Missouri State University - efactory
6 - Ozarks Small Business Incubator
7 - Porter House KC

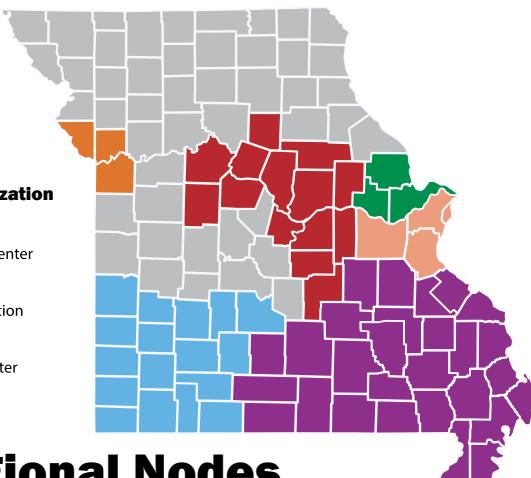


2024 Awardees

MTC Regional Node Grant Program

Nodes & Primary Organization

- Codefi Foundation
- Missouri Innovation Center
- MSU efactory
- OPO Startups Foundation
- TechSTL
- UMKC Innovation Center



2024 Regional Nodes

IDEA Fund Co-Investments

State-Sponsored Venture Capital Program

The MTC Innovation, Development, and Entrepreneurship Advancement (IDEA) Fund promotes the formation and growth of businesses that engage in the transfer of science and technology into job creation. The IDEA fund provides venture capital-based financing to eligible businesses through three programs that correspond to the stages of growth for promising early-stage high-growth potential businesses: (1) pre-seed capital stage financing; (2) seed capital stage financing; and (3) venture capital growth stage financing.

MTC makes equity-based direct investments into Missouri's most attractive early-stage investment opportunity by utilizing a co-investment model. For every dollar the MTC invests, generally from state or federal sources, the company needs to secure a matching investment from a private source. Co-investors are typically individual angel investors, angel investor networks, or Midwest-focused venture capital funds. MTC typically represents 10-25% of the total funding round and expects co-investors to be actively involved in the company to provide advice/mentorship and financial support.

Applications are open year-round and funding decisions are made on a quarterly basis through a multi-tiered, competitive application process.

TechLaunch Co-Investment Program

The TechLaunch program was created to support Missouri's early-stage entrepreneurs in developing technologies and overcoming the initial financing challenges of launching new ventures. TechLaunch supports technology startups through matching equity or convertible debt investments up to \$100,000 for the purpose of technology and business development. This pre-seed funding is generally used for establishing proof of concept of scientific discoveries, prototype or minimally viable product design and development, intellectual property development, early sales and marketing efforts, and other similar activities that will de-risk the investment opportunity for future investors. There are many indicators of a company's place on the startup life cycle spectrum, but this program was developed for pre-seed companies that have raised less than \$250,000 of outside capital and are currently raising between \$500,000 to \$1 million.

Seed Capital Co-Investment Program

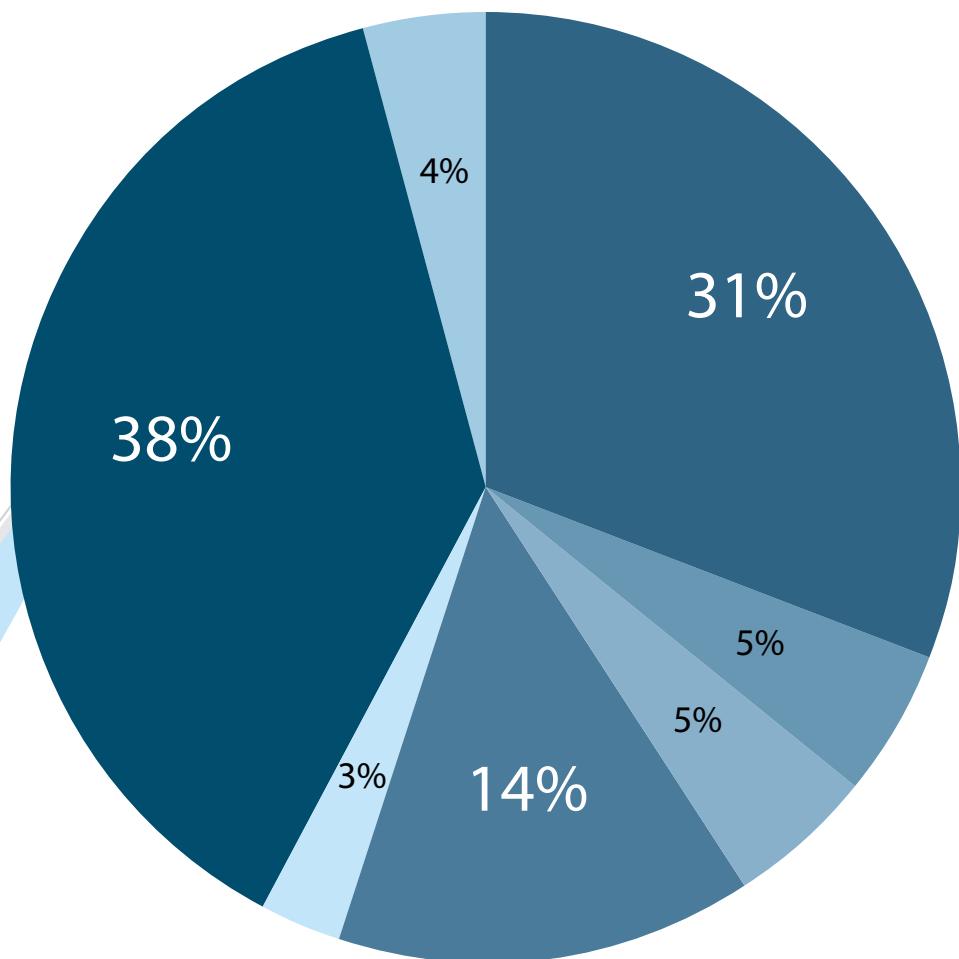
The Seed Capital program was created to support Missouri's early-stage entrepreneurs in developing technologies, creating jobs across Missouri, and positioning their businesses for future venture capital investment. Seed companies generally need to establish product market fit in addition to hitting key metrics and milestones that prove traction. The Seed Capital program supports technology-based startups through matching equity or convertible debt investments up to \$500,000 for the purpose of technology and business development. The seed funding may be used for hiring of key personnel, early commercialization efforts including sales and marketing, protection of intellectual property, conducting in depth market potential analysis, and other similar activities that prove the concept and advance traction. The program targets companies that have raised approximately \$500,000 to \$2 million of outside capital and are currently raising between \$1 million to \$5 million.

Venture Capital Co-Investment Program

High-tech start-ups that achieve critical commercialization milestones with seed capital financing require access to venture capital in order to expand, scale operations, hire new employees, and establish a presence in the market. The Venture Capital Program was created to accelerate private venture capital investment in Missouri-based start-up companies and to increase the overall investment impact of third-party investments. The program supports technology startups through matching equity or convertible debt investments up to \$2 million. The program targets companies that are currently raising between \$5 million to \$20 million, and have identified a potential lead investor (by the time of application) which has domain expertise in the applicable industry sector of the applicant and/or has performed a significant level of due diligence at the discretion of the MTC. The capital provided by MTC will be leveraged to attract additional venture capital funds to participate in the round, and accelerate the growth of the company.

Areas of Focus

The IDEA Fund is open to all industries, but MTC primarily focuses on specific sectors that align with economic development strategies in various regions across Missouri.



38% Software & Data

31% Biomedical & Life Sciences

14% Healthcare Technology & Services

5% Energy

Financial Technology & Services 5%

Supply Chain & Logistics 4%

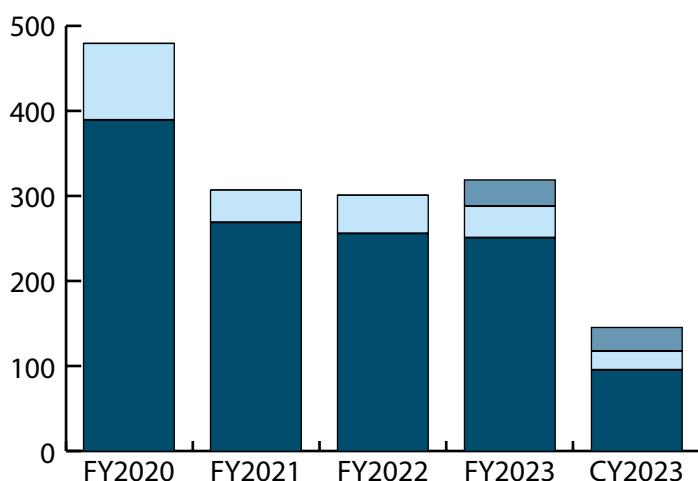
Manufacturing 3%

Portfolio Economic Impact

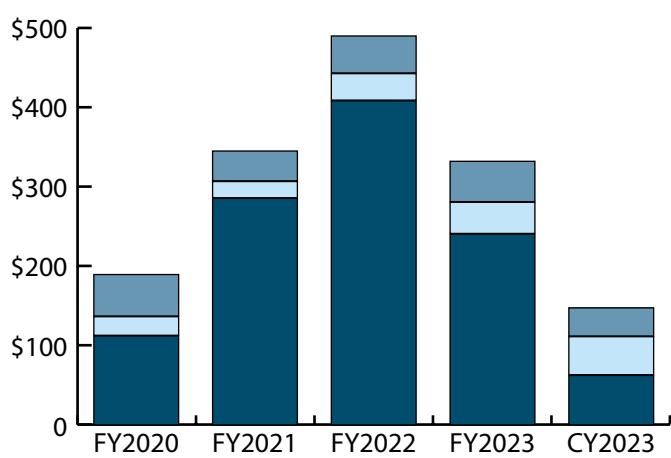
Missouri Jobs Created							
	FY2020	FY2021	FY2022	FY2023	CY2023	AVERAGE	TOTAL
Full-time	389	269	256	251	96	252	1,261
Part-time	90	38	45	37	22	46	232
Contract				31	28	30	59
TOTAL	479	307	301	319	146	328	1,552

Financing Raised						
	FY2020	FY2021	FY2022	FY2023	CY2023	TOTAL
Equity	\$112,593,502	\$285,406,119	\$408,031,418	\$240,537,100	\$63,040,343	\$1,109,608,483
Convertible Debt	\$24,207,224	\$21,212,428	\$34,133,480	\$39,940,068	\$48,663,744	\$168,156,944
Grants & Loans	\$52,979,285	\$38,324,953	\$47,298,092	\$51,525,215	\$36,194,832	\$226,322,376
TOTAL	\$189,780,011	\$344,943,499	\$489,462,991	\$332,002,383	\$147,898,919	\$1,504,087,803

Missouri Jobs Created



Financing Raised (\$ million)



Full-time Part-time Contract

Grants & Loans Convertible Debt Equity

Data self-reported by each portfolio company and aggregated by MTC staff



Missouri Technology Corporation

NEWS RELEASE

Missouri Technology Corporation achieves \$50 million investment milestone through state-sponsored venture capital program

April 30, 2024

JEFFERSON CITY, Mo. – Missouri Technology Corporation (MTC)’s Innovation, Development, and Entrepreneurial Advancement (IDEA) Fund has reached the significant milestone of surpassing \$50 million in equity-based investments into nearly 160 Missouri-based technology startups. This achievement highlights MTC’s commitment to driving economic development and supporting technology-driven entrepreneurial endeavors in Missouri.

“The impact of MTC’s \$50 million of equity investments cannot be overstated,” said Jack Scatizzi, Executive Director of MTC. “MTC’s funding for early-stage startups is not only aiding in their growth but also attracting more risk capital, boosting Missouri’s venture capital capacity. These strategic investments have played a pivotal role in catalyzing innovation, bridging key gaps within the state’s ecosystem, and fueling the growth and scalability of early-stage businesses.”

The IDEA Fund program is a state-sponsored venture capital initiative that utilizes public funding (both state and federal) to drive economic development within the state. The primary focus of this program is to foster innovation and support technology-driven entrepreneurial endeavors that contribute to the state’s overall economic development growth.

Darcy Howe, KCRise Fund Founding Managing Director, expresses her gratitude towards MTC for their support since the inception of KCRise Fund in 2016. “As we continue to focus on empowering Missouri founders, MTC has proven to be the best ally in our mission to foster

innovation and drive economic growth in our state. The partnership between state-sponsored funds and private venture capital firms creates a unique synergy that accelerates the growth of innovative startups. This collaboration not only attracts more capital but also brings together diverse expertise and networks, ultimately enhancing the chances of success for these early-stage ventures.”

Over the past decade, the IDEA Fund has had a significant impact on the state’s economy. MTC portfolio companies have generated more than 8,000 jobs in Missouri, raised an additional \$2.1 billion in private capital, and achieved 22 successful exits. Currently, nearly 60 percent of the companies that received an investment from MTC are still in operation and providing a positive economic development impact on the state. This rate far surpasses the national success rate for venture capital-backed companies, which is about 25 percent.

Martha Schlicher, CEO of Impetus Agriculture, Inc., Board Chair of Plastomics, Inc., and Board Chair and Co-Founder of Solis Agrosciences, Inc., stated, “We are witnessing the significant positive impact of state-sponsored venture capital on Missouri’s agricultural innovation ecosystem. Thanks to this support, the state is now in a distinctive position to advance agricultural innovation in the Midwest. State-sponsored venture capital has not only provided the ecosystem with the financial resources to hire life sciences talent, but also fostered collaboration and entrepreneurship, attracting national and international investors. We commend Missouri for supporting local entrepreneurs and driving economic growth in the region.”

continued next page

idea FUND

MTC Achieves \$50 Million Investment Milestone

MTC's investments have played a crucial role in the success of companies like

Geneoscopy, PayIt, Hearium, and Benson Hill, enabling them to secure additional funding, develop innovative technologies, drive revenue growth, and create a significant number of job opportunities.

MTC was an early investor in Geneoscopy, a St. Louis-based life sciences company that uses its patented RNA biomarker technology to create innovative diagnostic tests for gastrointestinal health. Since MTC's investment, Geneoscopy has completed a pivotal clinical trial for a colorectal cancer screening test and secured a more than \$100 million Series B funding round. Another notable investment is PayIt, a Kansas City-based company that provides a digital customer experience and payments platform for governments across North America, which currently provides more than 100 local jobs and has raised more than \$200 million in additional private capital to date.

MTC has also been instrumental in supporting companies like Hearium, a Columbia-based health, wellness, and fitness company with patented technology that visualizes fitness tracker data inside video. Hearium's recent collaborations with industry leaders such as the Mayo Clinic and Samsung demonstrate the significant influence of MTC's investments in advancing technology development and boosting sales and marketing efforts for Hearium's stress management and sleep solutions.

One of MTC's most strategic and successful investments was being an initial investor in Benson Hill,

which at its peak created more than 200 local jobs, went public on the New York Stock

Exchange in 2022, and raised more than \$300 million in additional private capital prior to going public.

In 2022, MTC's IDEA Fund was approved by the Department of the Treasury to deploy a portion of Missouri's \$95 million allocation of federal SSBCI 2.0 funding. Notably, half of the \$50 million funding invested to date was sourced from the SSBCI 1.0 Program. Since January 2023, MTC has awarded nearly \$12 million in investment allocations to more than 40 early-stage companies and has closed more than \$3 million in new investments. MTC will continue to deploy the SSBCI 2.0 funding through its IDEA Fund on a quarterly cycle over the next six to eight years.

Scatizzi acknowledges that "MTC's achievement was not possible without the collaboration of Missouri's entrepreneurial support organizations that empower promising entrepreneurs to establish and expand their businesses in the state and directs high growth companies to engage with the early-stage venture capital sector."

With continued public funding support, MTC is situated to leverage its grant-based expansion of the state's entrepreneurial capacity and its state-sponsored venture capital activities to position Missouri to become a leader in technology-based economic development (TBED), fueling economic growth across the state. For more information about the IDEA Fund and its programs, visit missouritechnology.com/venture-capital-investments/.

Review Process

The Missouri Technology Corporation makes strategic investments to promote entrepreneurship and foster innovation in Missouri. Following a benchmarking analysis of programs and best practices from other states as well as consideration of Missouri's unique strengths, MTC developed clearly defined programs with articulated goals, eligibility standards, and evaluation criteria. These highly competitive, application-based programs are subject to a thorough 9-step investment review process that reflects MTC's core values of integrity, transparency, accountability, independence, and collaboration.

Step 1 – Review Program Guidelines and Investment Review Process

Prospective applicants should carefully review MTC's program guidelines and investment review process to determine which program, if any, is an appropriate fit for the prospective applicant's investment plans and growth strategy.

Step 2 – Application Submission

Prospective applicants should complete the appropriate MTC program application and submit it to MTC in accordance with the deadline established for the current funding period. Late applications will not be accepted. It is the duty of the prospective applicant to contact MTC staff in a timely manner to answer any questions or other concerns. The MTC Board of Directors has adopted a robust conflicts of interest policy, which will be strictly adhered to for all submissions.

Step 3 – Preliminary Application Assessment

All timely applications will be reviewed by MTC staff to determine whether they are complete and conform to the program requirements. Applicants will be notified of submissions rejected at this stage and the applicant may resubmit a new application in a future funding period.

Step 4 – Comparative Scoring and Due Diligence

All conforming applications from Step 3 will be thoroughly reviewed and assessed using a standard scorecard for the program. Each submission will be reviewed by at least three reviewers from MTC staff and consultants. At this stage, the reviewers will conduct any due diligence appropriate under

the circumstances, including an assessment of third-party information that may be helpful to fully analyze the submission.

A composite score for each submission will be calculated based on the scorecards of the individual reviewers. The top-scoring submissions will be forwarded to MTC's Investment Committee. The number of top-scoring submissions forwarded to the Investment Committee will vary by funding period.

Step 5 – MTC Investment Committee Review

The Investment Committee of the MTC Board of Directors is charged with assisting the Board by evaluating potential investment opportunities. The MTC Investment Committee will review each proposal forwarded to it following Step 4 along with the composite score the proposal received.

Each applicant that advances to Step 5 will be invited to present the proposal to the MTC Investment Committee so that the MTC Investment Committee can ask questions and develop a deeper understanding of the proposal under consideration.

The MTC Investment Committee will use its best judgment under the circumstances to make one of the following recommendations to the full MTC Board of Directors on each proposal it receives: (i) recommend funding the proposal as submitted; (ii) recommend funding the proposal subject to certain modifications or completion of additional due diligence; or (iii) recommend no funding for the proposal.

continued next page

Review Process cont.

Step 6 – MTC Board of Directors Review

Each of the proposals recommended by the MTC Investment Committee will be considered at a meeting of the MTC Board of Directors and any additional evaluation or modification will be made to the proposal under consideration. The MTC Board of Directors will use its best judgment under the circumstances to take one of the following actions on each proposal it considers: (i) approve funding the proposal as submitted; (ii) approve funding the proposal subject to certain modifications or completion of additional due diligence; or (iii) deny funding for the proposal. Under exigent and competitive circumstances, the MTC Board of Directors reserves the right to directly consider any proposal if the Board determines that doing so is in the best interest of the State of Missouri.

Step 7 – Legal Documentation and Other Actions

The MTC Board of Directors will ordinarily delegate its authority to the MTC Executive Committee to complete legal documentation and other actions necessary under the circumstances for each approved or conditionally approved project. When appropriate under the circumstances, funding will be based on the approved project achieving certain key milestones.

Step 8 – Compliance and Monitoring

The MTC staff will closely monitor all of MTC's investments to ensure compliance with the legal terms and conditions set forth in the agreements between MTC and the awardee.

Step 9 – Post-Award Reporting

Funded proposals will be tracked for a 10-year period to determine the economic impact of the project. The MTC staff will assist the MTC Investment Committee in tracking these outcomes and aggregating the economic impact of MTC's investments.

Economic Development Overview & Impact of MTC's Programs

In 2021 MTC engaged TEconomy Partners to conduct an economic development impact analysis of MTC's investments in the state's entrepreneurial ecosystems. TEconomy leveraged an input-output model to represent the interrelationships among economic sectors.

Input-output (I-O) multipliers are based on the flow of commodities between industries, consumers, and institutions in a regional economy. The premise behind this analysis is that every dollar spent in the economy (the direct impact) is re-spent on the purchase of additional goods or services generating further economic activity and impact (the multiplier-indirect and induced effect) as outlined in Figure A-1. The analysis was performed using a State of Missouri-specific input-output model from IMPLAN, which is the most widely used economic impact model in the nation.

Additional details regarding the economic modeling conducted by TEconomy can be found in the *Catalyzing Innovation: Strategies for Missouri to Drive Innovation and Entrepreneurship*, which can be accessed from MTC's website.

From FY2014 to FY2021, the investments MTC made have had an important impact on the state. Specifically, MTC provided financial support for the state's 11 Innovation

Centers (nine are currently active) and 42 organizations received MOBEC awards and other sponsored grants. Additionally, MTC made direct investments in 139 companies through its IDEA Fund.

The \$63.6 million in state funds expended through the MTC programs were leveraged with an additional \$12.1 million in federal funds, for a total investment in innovation and entrepreneurial programs of \$75.7 million. Overall, MTC's portfolio of programs provides strong benefits and positive economic impacts, as illustrated in Figure A-2.

Summarized, the total cumulative economic impacts of MTC's programs and investments during this timeframe generated and supported:

- More than 34,500 job years with wages and benefits totaling more than \$2 billion
- More than \$6.4 billion of economic output, and
- More than \$175 million in state and local tax revenue for the State of Missouri.

To calculate the economic ROI, TEconomy used MTC's program data to estimate the total amount of state taxpayer money used to support each of the programs. From FY2014-FY2021, a total of \$75.7 million went toward MTC programs, including \$63.6 million in state

Figure A-1: Measuring the Economic Impacts of MTC

continued next page

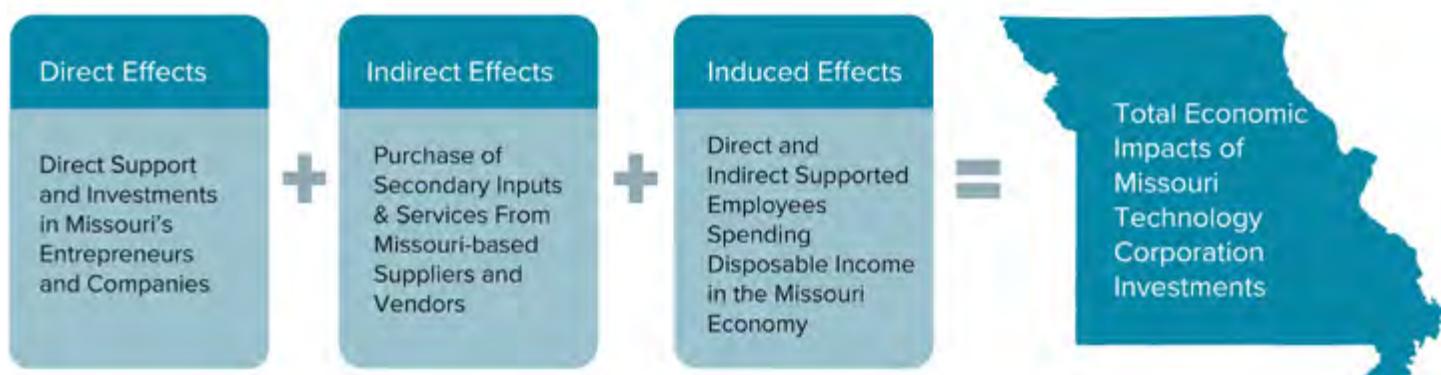


Figure A-2: MTC's Cumulative Economic Impacts, FY2014-FY2021



funding and \$12.1 million in federal dollars. TEconomy calculated economic activity and tax revenue ROI based on funding from the State of Missouri.

TEconomy's analysis determined that MTC's programs have had a significant positive economic impact return on investment. As Figure A-3 illustrates, for every Missouri state taxpayer dollar that MTC invests through the IDEA Fund, it generates \$109.36 in total statewide economic activity. Investments in Innovation Centers foster \$170.99 of state economic activity and investments in MOBEC and other grant programs generate \$31.02 of economic activity per dollar invested by MTC.

When aggregated, MTC's investments across its three active programs generated an economic activity return of \$100.74 within the State of Missouri for every \$1 invested by the state.

From a state and local tax revenue basis, MTC's total investments returned \$2.76 to the State of Missouri for every state \$1 invested. This return indicates that on a direct outlay basis, these MTC programs have generated a positive return over the last eight years.

Figure A-3: Missouri Technology Corporation's Economic Activity ROI: FY 2014-2021

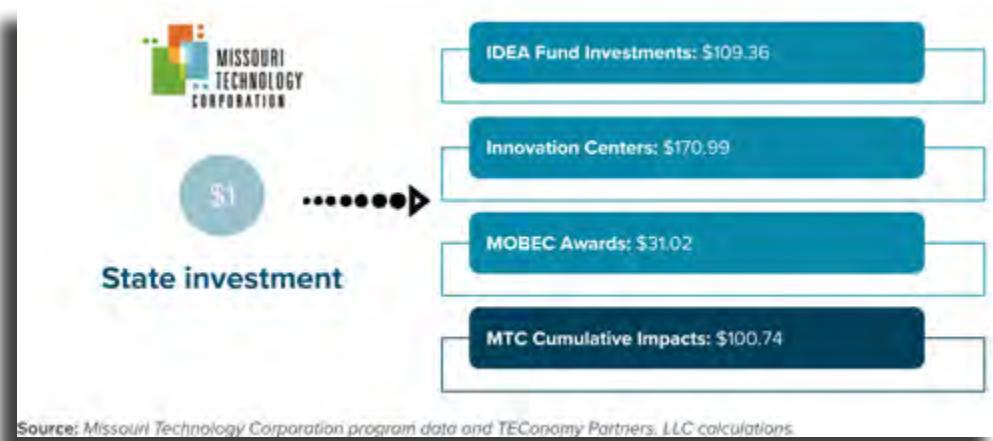
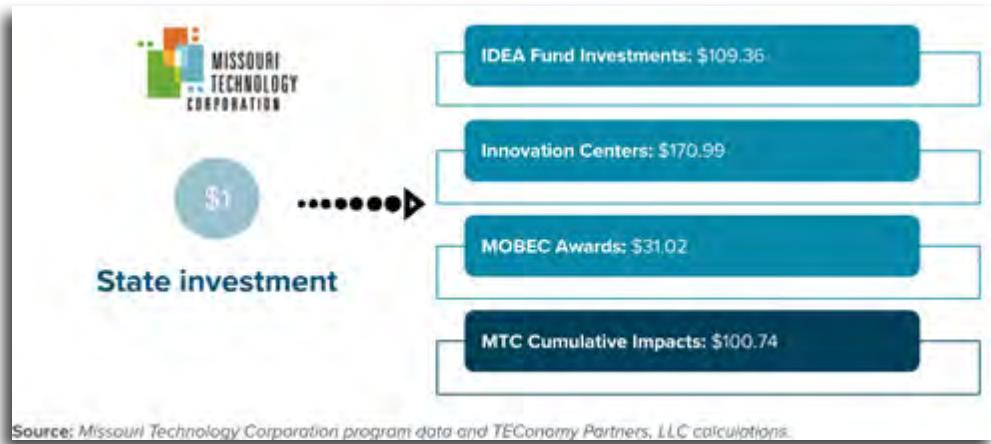


Figure A-4: Missouri Technology Corporation's State & Local Tax Revenue ROI: FY 2014-2021



Balance Sheet

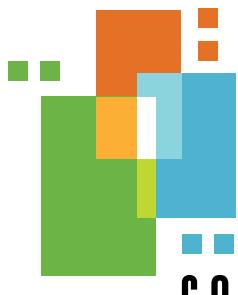
as of June 30, 2024

ASSETS	Total
Current Assets	
Bank Accounts	
Central Bank Checking	\$ 64,234,168.44
Total Bank Accounts	\$ 64,234,169.44
Other Current Assets	
Total Other Current Assets	\$ 19,999,256.68
Total Current Assets	\$ 84,233,426.12
Other Assets	
Total Investments	\$ 31,381,167.39
Total Notes Receivable	\$ 4,939,648.98
Total Other Assets	\$ 36,320,816.37
TOTAL ASSETS	\$ 120,554,242.49
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Total ADVANCED MANUFACTURING	\$ 6,951,193.19
Total PHYSICAL INFRASTRUCTURE	\$ 690,092.39
Total REGIONAL NODE	\$ 260,000.00
Total OTHER	\$ 1,193,585.84
Total BUILDING ENTREPRENEURIAL CAPACITY	\$ 4,007,654.49
Total Contractual Committed Funds	\$ 13,102,525.91
Total Current Liabilities	\$ 13,102,525.91
Total Liabilities	\$ 13,102,525.91
Equity	
Net Assets - Temporarily Restricted	\$ 44,473,016.00
Net Assets - Unrestricted	\$ 62,978,700.58
Total Equity	\$ 107,451,716.58
TOTAL LIABILITIES AND EQUITY	\$ 120,554,242.49

Profit & Loss

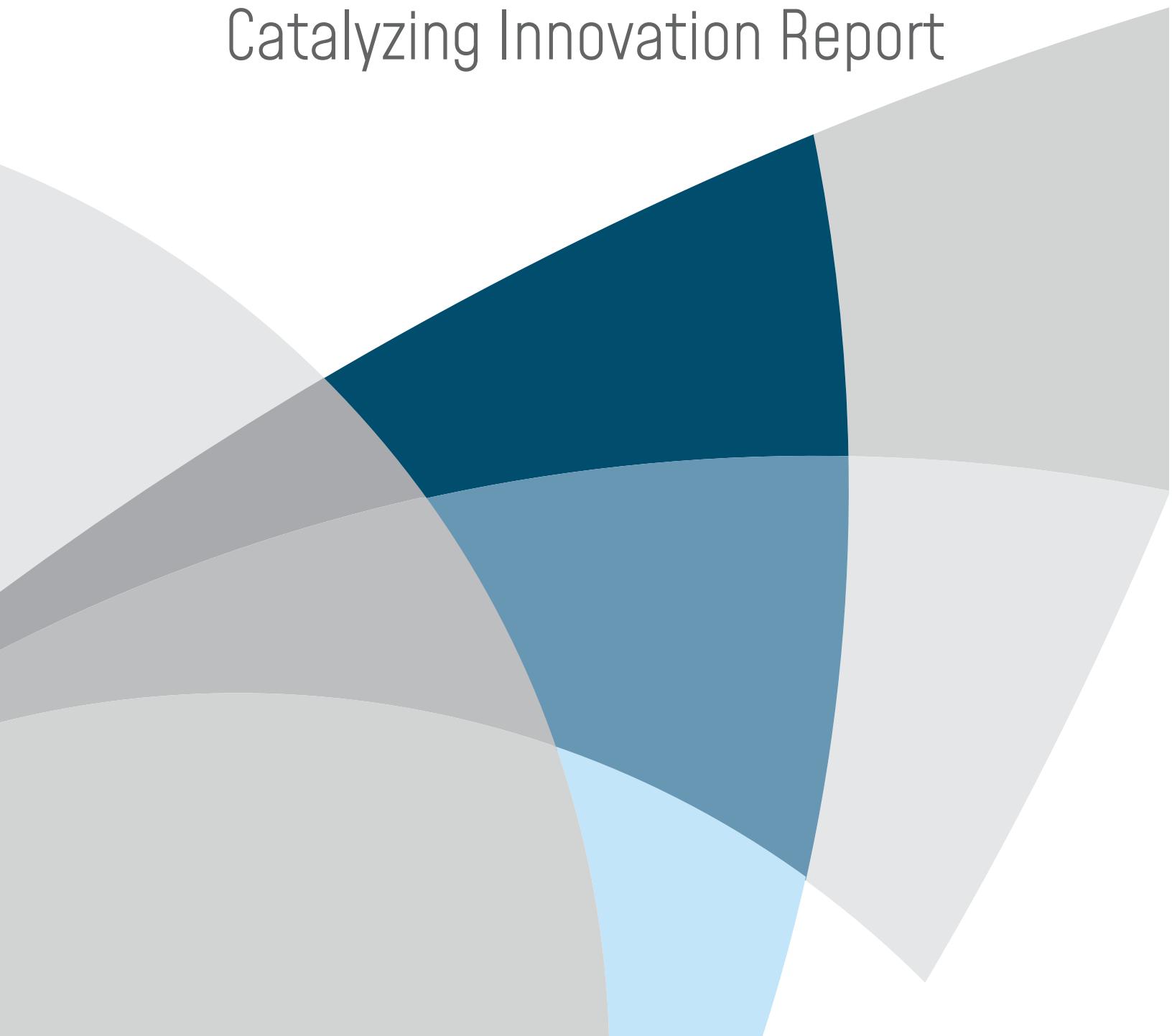
July 2023 - June 2024

Income	Total
Contributions Income	
Administrative Income	\$ 799,595.00
Program Income	\$ 24,329,704.00
Total Contributions Income	\$ 25,129,299.00
Miscellaneous Income	\$ 321.68
Total Income	\$ 25,129,620.68
Gross Profit	\$ 25,129,620.68
Expenses	
Administrative Services/Cost Allocation	\$ 12,941.50
Conference/Events/Meetings	\$ 8,636.82
Fees	\$ 22,448.46
Insurance	\$ 10,227.05
Office Expenses	\$ 7,047.35
Postage and Delivery	\$ 609.03
Professional Development	\$ 10,574.20
Professional Services	
Accounting	\$ 91,060.38
Consulting	\$ 99,577.25
Legal Fees	\$ 260,646.43
Marketing	\$ 1,668.81
Program Expense	\$ 7,730,051.50
Rent	\$ 26,701.74
Software Program	\$ 32,748.79
Supplies	\$ 166.83
Telecommunications	\$ 4,826.84
Travel & Engagement	\$ 42,344.47
Wages	\$ 845,192.08
Total Expenses	\$ 9,207,469.53
Net Operating Income	\$ 15,921,829.47
Other Income	
Interest Income - Administrative	\$ 1,529,141.11
Interest Income - Program	\$ 29,165.34
Miscellaneous Income	\$ 321.68
Total Realized Gain (Loss) on Investment	\$ (8,021,414.67)
Total Other Income	\$ (6,462,786.54)
Other Expenses	
Return of Administrative Income	\$ 17,972.62
Return of Program Income	\$ 950,600.00
Total Other Expenses	\$ 968,572.62
Net Other Income	\$ (7,431,359.16)
Net Income	\$ 8,490,470.31



MISSOURI
TECHNOLOGY
CORPORATION

Appendix A: Executive Summary of Catalyzing Innovation Report



EXECUTIVE SUMMARY

Catalyzing Innovation:

Strategies for Missouri to Drive Innovation and Entrepreneurship

Performed For: Missouri Technology Corporation

Performed By: TEconomy Partners, LLC

February 2022



Missouri Department of
Economic Development



For more information on this report please contact its authors with TEconomy:
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1.800.TEC.1296 | info@teconomypartners.com | www.teconomypartners.com

TEconomy Partners, LLC is a global leader in research, analysis, and strategy for innovation-driven economic development. Today, we're helping nations, states, regions, universities, and industries blueprint their future and translate knowledge into prosperity.

Foreword

In July of 2019, we began a process to best determine the future of innovation and entrepreneurship in the State of Missouri. At that time, the Missouri Technology Corporation (MTC) launched a national search for a new Executive Director, which I chaired. This search was important because it provided an opportunity for MTC leadership to reflect on the organization's current contributions and the desired future contributions in the cultivation of an entrepreneurial ecosystem in Missouri. That reflection was the beginning of an inflection point—a realization that we should take stock of the successes and lessons learned from our endeavors in spurring entrepreneurial pursuits as background for laying the foundation for the next decade. The next decade will provide tremendous opportunities for investments of time, talent, and treasures in bettering Missouri's entrepreneurial capacity and output. We know that states that recognize the benefits of entrepreneurship and innovation and their role in today's knowledge-based economy are developing policies and programs to establish an inclusive environment that creates, attracts, and retains innovation-based companies and ensures an infrastructure to support them.

In February of 2020, we welcomed the new executive director, Dr. Jack Scatizzi, to MTC and charged ourselves to complete within the next 24-month period a strategic initiative that would lay the foundation for the decade. In January 2021, Governor Parson named me chair of MTC. I accepted the role, having committed much of my career to catalyzing growth and support of innovation and entrepreneurial pursuits. With the support of the Missouri Department of Economic Development and in discussions with the Governor's office, we mapped a 12-month timeline for completing a strategic plan by the Spring of 2022. We established and convened a distinguished steering committee (the Missouri Innovation and Entrepreneurship Strategy Steering Committee) to oversee the design of the Entrepreneurship and Innovation Strategic Plan. The Steering Committee is comprised of a group of 16 talented individuals representing perspectives from entrepreneurs, economic development professionals, academic research and translation, and capital deployment from across the state.

The data show that over the last decade, the MTC has been an essential asset in driving entrepreneurship and economic development throughout Missouri. The organization's successes are a direct result of strategic planning and execution focused on the promotion of entrepreneurship and innovation within emerging high-growth and high-potential markets.

For Missouri to continue to maximize the gains from entrepreneurship, MTC needs a new data-driven strategic plan to support the advancement of entrepreneurship and innovation, create higher-paying jobs, and accelerate economic development on behalf of the State of Missouri. The creation of this strategic plan allows MTC to continue to support and grow Missouri's entrepreneurs and its entrepreneurial-focused ecosystems for the next decade. This plan will help set the direction for policies, programs, and initiatives that foster and support the further growth of entrepreneurs and the advancement of innovation and technology across the State of Missouri.

The desired outcomes for the Missouri Innovation and Entrepreneurship Strategy Steering Committee were:

- A call to action to ensure the State of Missouri prioritizes entrepreneurship and innovation in economic development planning.
- Long-term, statewide entrepreneurship and innovation strategies that leverage Missouri's unique opportunities and help overcome current weaknesses within the state's entrepreneurial ecosystem.
- A detailed, action-oriented roadmap with short- and long-term recommendations for programs, policies, and initiatives aligned with the identified strategic priorities.
- Identification of future processes/performance measures to ensure the strategic plan is responsive to evolving needs.

This report, *Catalyzing Innovation: Strategies for Missouri to Drive Innovation and Entrepreneurship*, represents a milestone in the completion of the strategic plan. A bold set of strategic recommendations and actions have been gathered through the work of our partners TEconomy Partners, LLC under the direction of the steering committee. The background and analysis were data-centered and rooted in objective measures. The engagement across the state was broad and transparent. The outcomes are a bold set of recommendations that will impact the work of MTC and invite other partners across the state to the important mission of advancing innovation and entrepreneurship within the "Show Me" state. While all recommendations may not make it to action in exactly their presented form, the charge was to be bold and unencumbered by current resources. Furthermore, our partners and the committee were tasked to be truly objective and informed by the data in the recommendations for strategic implementation.

I want to thank the members of the steering committee. It was truly a pleasure to convene and chair this body on behalf of the State of Missouri. The dedication and commitment of this group and the many stakeholders from across the state who engaged in this work underscore the energy and enthusiasm for growing the innovation and entrepreneurial ecosystem in Missouri. The engine of innovation seems poised to be aligned, tuned, fueled, and revved. Moreover, the opportunity to reflect on the strong impact of the last decade and the significant potential of the next decade and beyond is inspiring. With this report, we have been charged to Fund, Grow + Scale, Launch + Cultivate, Inspire, and Connect. In the coming months, we look forward to the conversations on key elements of the recommendations for further review and engagement. The final implementation of recommendations will be included in an implementation plan developed by MTC. This report captures an on-time and on-target milestone on our journey to further catalyze innovation in Missouri. We welcome your interest, collaboration, review, and engagement as a partner in this important work. Thank you for your support as we spring forward to a new beginning.

With great hope and optimism for an innovative and entrepreneurial future,

Dedric A. Carter, PhD MBA

*Chair, Missouri Innovation & Entrepreneurship Strategy Steering Committee
Chairman, Missouri Technology Corporation*



Executive Summary

Across the nation, states that recognize the benefits of entrepreneurship and the role it plays in today's knowledge-based economy are developing policies and programs to establish an environment that creates, attracts, and retains entrepreneurs, as well as cultivating an infrastructure to support them. With an emphasis on encouraging economic growth that touches all corners of the state, this strategic action plan seeks to inspire more Missourians to participate in the 21st century economy and to foster a resilient state economy for future generations.

From its inception as a state 200 years ago to its status today as a leader in globally significant industries, innovation and entrepreneurship have always played a critical role in driving economic vitality in Missouri by fostering the formation of novel businesses, scaling their operations, and sustaining their growth as they generate new, high-paying jobs. The positive impacts of supporting innovation-based economic development can be viewed in a variety of ways, such as:

- **Driving productivity growth and new-wealth creation:** Innovation-oriented industries in Missouri pay higher wages and stimulate more investment than other sectors. For example, the average earnings of a worker in the State's tech industry were \$112,100 in 2020, nearly double the average earnings for all jobs across Missouri (\$64,000), according to the recent Technology2030 report produced by the Missouri Chamber of Commerce.¹
- **Commercializing new products, processes, and services:** Missouri has long been synonymous with industries and technologies that help solve key challenges, such as national defense, health and life sciences, food security, environmental sustainability, and other mission-critical topics.
- **Improving the human condition:** Missouri's academic and industrial advancements across the plant, animal, and human health domains have enhanced living standards and quality of life.

Key to advancing innovation are the people who can turn innovation into successful growth-oriented businesses. It is important to note that while most entrepreneurs start by forming small businesses, not all small businesses are entrepreneurial. The needs of small businesses and growth-oriented entrepreneurs may be similar at first, but they quickly diverge. For economic growth to occur, growth-oriented entrepreneurs

¹ <https://mochamber.com/tech-report/>

must focus on serving customers and markets beyond the residents and businesses in its community—otherwise known as traded-sector activities—in order to drive an increase in a state's gross domestic product (GDP), which in turn leads to a higher quality of life for its citizens. Business activities that typically focus on meeting the local needs of families and businesses and do not bring new income from outside the region into the region are often referred to as sheltered or locally serving industries. Examples of sheltered industries include restaurants, retail stores, dry cleaners, and state and local government services. While these sheltered industries are critical to Missouri's quality of life, they rely on purchases from local residents and businesses as their primary market, and so do not generate new income but instead benefit from a growing economy. As noted recently, "Productivity growth in the traded sectors is the primary source of wealth creation and income generation. However, most jobs reside in the non-tradable industries, which are more labor-intensive and less prone to productivity improvements. Productivity growth in the traded sector fuels job growth in the local non-tradable sector through multiplier effects...innovation activities have far higher local multiplier effects than nearly all other sectors, including manufacturing."²

The Missouri Technology Corporation (MTC) plays a vital role in developing a landscape for innovation-based economic development in the state, which helps support traded-sector entrepreneurs.

Created by the Missouri General Assembly to promote entrepreneurship and foster the growth of new and emerging high-tech companies, MTC's mission is to provide leadership and make strategic investments that help entrepreneurs create and grow technology-based businesses in Missouri. MTC supports traded-sector entrepreneurship through high-impact programs such as its support for Innovation Centers, other entrepreneurial support organizations through the Missouri Building Entrepreneurial Capacity (MOBEC) Grant Program, and its investments in Missouri-based, early-stage high-growth technology businesses through the IDEA (Innovation, Development, and Entrepreneurship Advancement) Fund Co-Investment Program. MTC's portfolio of programs provide strong benefits and positive economic impacts (Figure ES-1).

Figure ES-1: MTC's Cumulative Economic Impacts, FY2014-FY2021



Source: Missouri Technology Corporation program data and TEconomy Partners, LLC calculations.

Note: Of the 11 Innovation Centers funded over the time period, 9 are still currently operating and providing programmatic services.

2 Emil Malizia, Edward J. Feser, Henry Renski, and Joshua Drucker, *Understanding Local Economic Development: Second Edition*. (Routledge, 2020).

MTC's total program portfolio generated an economic activity return of \$100.74 back to the State of Missouri for every \$1 invested—a strong return to the State regardless of the programmatic benefits afforded by the investment. Furthermore, from a state and local tax revenue return on investment (ROI) basis, MTC's total program portfolio returned \$2.76 back to the State of Missouri for every \$1 invested. This return indicates that on a direct outlay basis, MTC programs have generated a positive return over the last eight years.

While Missouri has made significant progress in recent years (see Appendix A for the complete economic impact analysis of MTC's investments), **inconsistent funding remains a primary challenge to supporting innovation and entrepreneurship.** Given the importance of innovation and entrepreneurship to economic development in the 21st century, many in the state desire to elevate these themes as policy priorities. Meanwhile, the defunding of MTC in FY18 sent a message throughout the ecosystem that the State of Missouri was not going to expand its entrepreneurial investments that had proven successful, but instead withdraw its support for the ecosystem. This has left founders, programs, and initiatives questioning whether the support and resources they need will be available.

Missouri's decision to reduce its investments in innovation and entrepreneurship comes at a time when international peers and other competing states are accelerating the pace of new and existing programs, initiatives, and funding streams. At a time when Missouri is not only competing with other nations in the 21st century global economy, but also with many of its peer and neighboring states, its inability to invest in innovation and entrepreneurship could pose future risks to the state's comparative advantages.

This strategic plan focuses on developing a systemic entrepreneurial ecosystem with the requisite supports in place to encourage growth in traded-sector industries across the State of Missouri. This study is the culmination of Missouri's ecosystem stakeholders and partners coming together to form a new, bold strategy for encouraging inclusive, entrepreneurial-led economic growth across the state. Ultimately, a holistic approach was required to determine how the State of Missouri should promote entrepreneurship, support innovation-based and technology-enabled entrepreneurs, and help drive economic growth through the next decade. As a public-private partnership with leadership covering industry, academia, and economic development, MTC is uniquely situated to help drive this strategy.

Opportunities to encourage innovation and entrepreneurship exist in all corners of the state, and the project team was intentional about soliciting input from throughout the state. At the onset of this strategic initiative, MTC gathered a steering committee of 16 thought leaders from across the state to help guide the effort. Using a multi-pronged, qualitative approach, this effort involved outreach to approximately 500 individuals³ throughout the state's innovation and entrepreneurship ecosystem using three distinct components:

- An ecosystem survey to gather input regarding areas such as entrepreneurial culture, risk capital environment, innovation support and physical infrastructure to support entrepreneurs, the business climate, broadband, and other domains. More than 280 individuals participated in this survey, and nearly half (48 percent) of respondents were entrepreneurs.

³ See Appendix B for a list of stakeholders from across the State of Missouri who informed this effort.

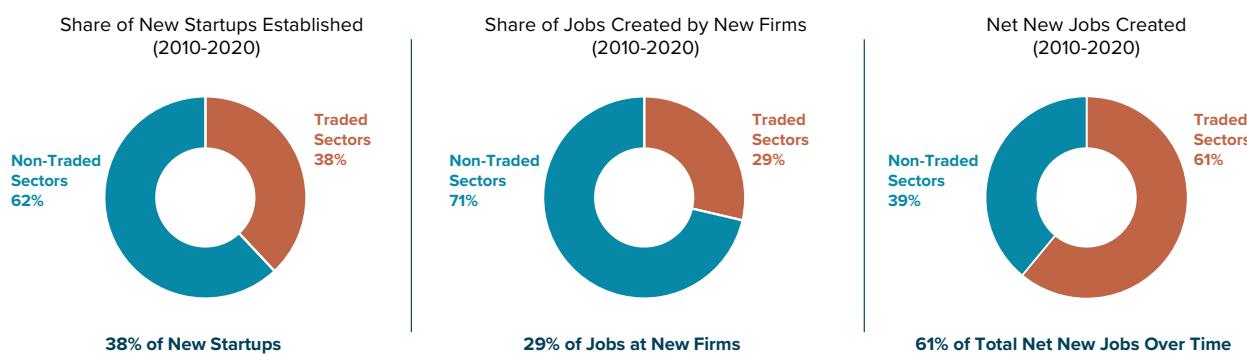
- Targeted interviews with serial entrepreneurs, venture capital providers, leaders of economic development and entrepreneurial support organizations, and other relevant members of the innovation and entrepreneurship ecosystem. In total, there were more than 70 interviews, and many of these discussions included multiple individuals.
- Regional focus groups with more than 120 individuals participating in six, 90-minute discussions to identify how public, private, philanthropic, and educational partners can collaborate in these regions to advance innovation and entrepreneurial development. Beyond these regional conversations, two statewide focus groups were conducted to gain feedback on both the analysis and preliminary recommendations. More than 80 stakeholders from across Missouri participated in these discussions.

Key Findings That Drive Recommended Actions

Traded-sector firms, those that are serving customers and markets beyond the residents and businesses in their community, play an outsized role in Missouri's economy. By bringing new dollars into Missouri's economy, these traded-sector firms exhibit a strong multiplier effect: new jobs are created as exporting firms buy from local suppliers and as workers buy from local businesses. Economists estimate that traded-sector industries carry a multiplier more than twice as high as non-traded-sector firms.⁴

Over the course of the last decade, most net new jobs created in Missouri were due to the success of the state's traded-sector firms. While the share of new startups established and the share of jobs created by new firms in traded sectors are relatively low—38 percent and 29 percent, respectively—traded-sector firms account for 61 percent of the total net new jobs created over time (Figure ES-2).

Figure ES-2: Outsized Importance of Traded-Sector Firms to Missouri's Economy

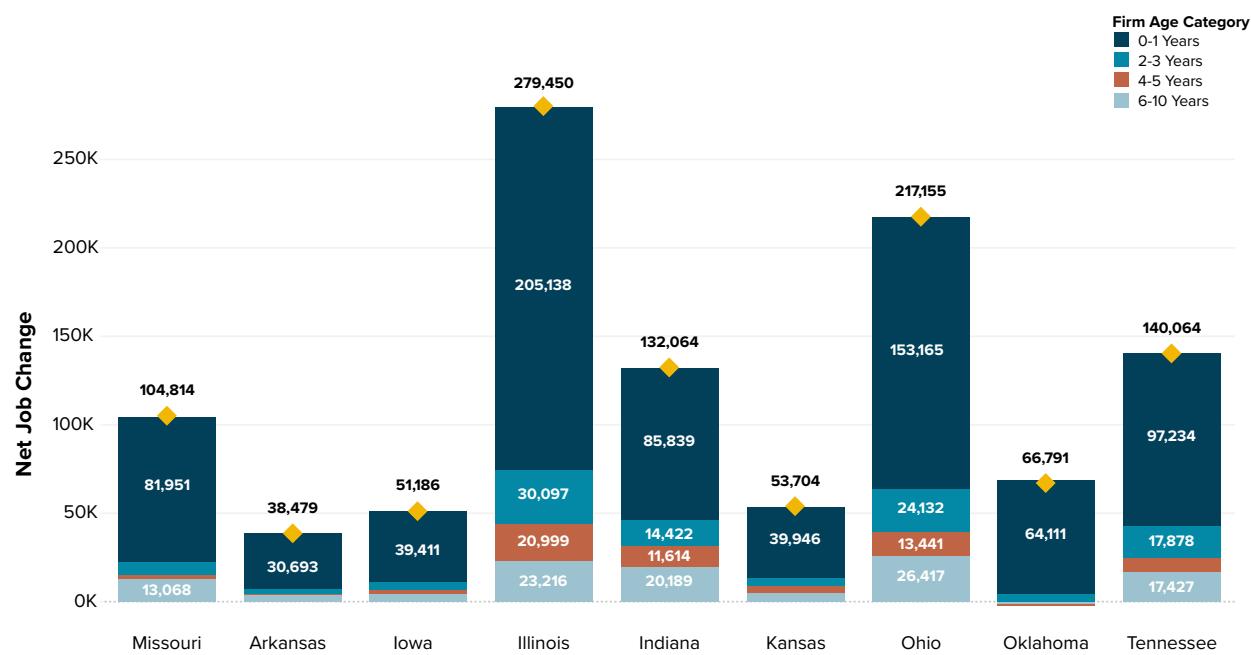


Source: TEconomy analysis of BLS Business Employment Dynamics Research and U.S. Census Bureau Quarterly Workforce Indicators Data

⁴ Timothy J. Bartik and Nathan Sotherland, Local Job Multipliers in the United States: Variation with Local Characteristics and with High-Tech Shocks, (The W.E. Upjohn Institute for Employment Research, March 2019). <https://orcid.org/0000-0002-6238-8181>

However, while traded-sector firms are driving employment in Missouri, relative to all the other benchmark states (with the exception of Oklahoma), the employment contribution from Missouri's young firms is not as robust as they age (Figure ES-3).

Figure ES-3: Missouri + Benchmark States Traded-Sector Young Firms Total Net-Job Change, 2010-2020



Source: TEconomy analysis of U.S. Census Bureau Quarterly Workforce Indicators

In many instances, companies are relatively stagnant, not growing in employment once they reach a certain size. Anecdotal evidence suggests that in other instances, companies are growing in employment but are having/choosing to do so in states other than Missouri. This suggests the need for modified or additional resources to encourage economic growth. As a result, **creating opportunities for more traded sector firms to grow and scale in Missouri must be the principal goal of this strategic effort.**

Within Missouri's innovation and entrepreneurship ecosystem, five key challenges were identified as inhibiting entrepreneurial growth. If Missouri is to succeed in creating economic prosperity, it must ensure its competitive position through five means. Each of these approaches directly responds to the primary challenges facing the state's ecosystem (Table ES-1).



Table ES-1: Recommended Strategic Approaches to Addressing Ecosystem Challenges Facing Missouri

Challenge Area	Recommended Approach
1. While the amount of risk capital dollars invested in Missouri has grown, the number of deals has declined. This suggests a shift toward larger later-stage investments and fewer early-stage deals, making it difficult for many entrepreneurs across Missouri to access risk capital.	<ul style="list-style-type: none">• Deploy greater levels of early-stage investment capital to meet the demands of Missouri's growing entrepreneurial base.
2. Entrepreneurial support services and physical infrastructure remain less accessible, particularly among underrepresented minorities and those living in rural areas.	<ul style="list-style-type: none">• Foster the growth and scalability of its high-potential, high-growth startups by increasing access to quality entrepreneurial support services throughout the State of Missouri.
3. There is untapped potential at Missouri's research institutions that is limiting ideation and entrepreneurship.	<ul style="list-style-type: none">• Launch and cultivate innovative startups by taking advantage of Missouri's research strengths by converting the intellectual assets into market opportunities.
4. Not enough Missourians are participating in innovative and entrepreneurial endeavors, thereby making access to talent difficult for many startups and growing firms.	<ul style="list-style-type: none">• Inspire and encourage more Missourians to participate in entrepreneurial endeavors.
5. There is a lack of connectivity among the various components of Missouri's innovation and entrepreneurial ecosystem, both literally (e.g., broadband) as well as figuratively (e.g., perceived competition and siloed efforts).	<ul style="list-style-type: none">• Connect as "One Missouri" by overcoming physical and cultural barriers so that Missouri's entrepreneurial ecosystems connect with each other and with the world.

Source: TEconomy Partners, LLC.

Missouri's Strategic Framework

To overcome these challenges and help catalyze the innovation and entrepreneurial ecosystem statewide, a series of new initiatives that complement existing efforts are needed across the state. It is recommended that the State of Missouri—along with its strategic private sector, philanthropic, academic, and regional economic development partners—advance a set of five strategies and an associated set of 16 actions to drive innovation and entrepreneurship.



STRATEGY ONE: FUND

Deploy greater levels of investment capital to help meet the demands of the growing entrepreneurial base.

While recognizing that the amount of risk capital dollars invested in Missouri has grown, it is also important to note that the number of deals has declined. This suggests a shift toward larger, later-stage investments and away from early-stage deals, making it difficult for many entrepreneurs across Missouri to access risk capital. Outreach across Missouri's innovation and entrepreneurship ecosystem raised a range of concerns, including:

- Working capital options needed to grow and scale companies are limited. Because not all businesses are suited for traditional venture capital due to unrealistic ROI expectations, alternative financing options are needed to grow and scale companies.
- Both entrepreneurs and potential investors need more training/education regarding accessing and deploying financial capital.
- The lack of angel investment tax credits (compared to Kansas and other states) is a barrier for both potential investors and early-stage entrepreneurs.
- There is a desire to create new funding mechanisms that address Missouri-specific opportunities, such as investment in industry vertical funds not traditionally financed through equity investments, as well as funds targeting diverse founders.

To address these challenges, three actions are recommended:

Action 1. Catalyze additional investment capital funds across the capital stack.

- Support the generation of additional indigenous pre-seed, angel, seed, and early-stage venture capital funds in Missouri managed by resident private fund managers.
- Provide additional nondilutive grant funding by supporting a Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) matching grant program, as well as providing matching dollars for nonprofit organizations that provide direct cash grants.
- Pilot innovative financing options that fill gaps in the state's ecosystem, such as revenue-based financing for business models that do not traditionally attract risk capital dollars, and direct investments for founders from underserved populations (demographic or geographic).

Action 2. Incentivize angel investments.

- Create an angel investment tax credit that would provide a qualified investor with a transferable income tax credit equal to 25 percent of an eligible investment in an eligible Missouri company.

- Encourage angel networks by providing funding under Action 1 to offset costs of professional fund management, network administration, and due diligence.

Action 3. Evaluate the creation of Missouri Rural Vitality Funds to provide collateral for entrepreneurial loans.

- A private citizen seeking to invest in their rural community could make a commitment of a personal and/or alternative asset to serve as collateral from which banks could provide loan to local entrepreneurs within the rural region.
- Investors would serve on the Board to oversee the implementation of the program.
- Regional/local banks would conduct due diligence on the loan application, service the loan, and benefit from an increased loan portfolio and potential new customers.



STRATEGY TWO: GROW AND SCALE

Increase access to quality entrepreneurial support services throughout Missouri to ensure companies are able to grow and scale.

Over the past decade, Missouri has experienced a significant startup formation rate of traded-sector firms. While Missouri has made many strides in recent years to support these new establishments, there are many concerns that the entrepreneurial support assets and resources are not always equally available. In particular, those Missourians living in rural areas and those who are considered underserved entrepreneurs, including women, veterans, immigrants, rural entrepreneurs, and LGBTQIA+ individuals, face challenges in accessing essential ecosystem services.

To address these challenges, three actions are recommended:

Action 4. Develop a statewide Entrepreneurial Pathways Program.

- Serve as an intake system for entrepreneurs to learn about and access the various resources within Missouri that are dedicated to assisting entrepreneurs. Missouri can build upon the investment it has already made in the creation of MOSourceLink.
- Enhance the website component by further enhancing a robust wayfinder component that can direct entrepreneurial inquiries to the best resources to help meet their current needs.

Action 5. Foster regional efforts to provide quality entrepreneurial support services to high-potential, high-growth, traded-sector startups.

- In order to support Missouri's high-growth, traded-sector startups as they grow and scale, a comprehensive continuum of value-added programs must be available to all growth-oriented entrepreneurs as they progress through the stages necessary to establish a thriving enterprise. Missouri's high-growth, traded-sector startups must be able to access the following entrepreneurial support service programs regardless of where they are located within the state:
 - **Mentorship Network Program:** to overcome the lack of serial entrepreneurs in Missouri, develop networks of seasoned mentors who provide guidance to promising companies, which in turn make them more attractive to the risk capital community.



- **Entrepreneurs-in-Residence Program:** to ensure consistent, significant, value-added assistance to high-growth companies that are fundable but lack C-level talent.
- **Physical Hub Program:** to support the physical places that serve as a region's entrepreneurial focal point.
- To best assist high-potential and high-growth startups, Missouri should establish two avenues to support the delivery of quality entrepreneurial support services:
 - **Regional Node Funds** are intended to incentivize more of Missouri's communities to successfully coalesce their assets to best support innovation and entrepreneurship through strategic, coordinated partnerships among entrepreneurial service organizations. Funds for Regional Nodes will need to support traded-sector businesses. However, regions will be able to use the funds to support their entrepreneurs, regardless of sector.
 - **Flexible Support Funds** allow Missouri to respond to other areas of need in the state's entrepreneurial ecosystem, including sector-focused efforts and piloting innovative approaches to engage entrepreneurs in rural areas and other underserved communities.

Action 6. Connect Missouri's corporate partners and anchor institutions with startups, thereby creating a “stickiness” to Missouri for the entrepreneurial endeavor's ultimate success.

- Provide corporate partnership grants to regional nodes, their strategic partners, and at the state-wide level to develop first-customer programs that support startup growth and educate entrepreneurs on how to best work with corporations (and vice-versa).
- Other examples of support include networking platforms for startups and industry, accelerator programs that link corporations with promising startups and technologies, and programs that support internal innovation efforts at Missouri companies.



STRATEGY THREE: LAUNCH AND CULTIVATE

Take advantage of Missouri's research strengths by converting the intellectual assets into market opportunities.

Developing a vibrant environment that encourages basic and applied research at colleges, universities, and within industry is essential if Missouri is to catalyze further innovation-led economic growth. It is also critical that Missouri can transfer the intellectual property developed at its colleges and universities into new products, services, and businesses, and ultimately, into new jobs and investment. Currently, there is untapped innovation and entrepreneurial potential within Missouri's research institutions.

To address these challenges, three actions are recommended:

Action 7. Reenergize the Research Alliance of Missouri (RAM) as a mechanism for bringing together the major research institutions of the state to solve common innovation continuum challenges.

- Reenergize the Alliance to further engage the state's research leaders and break down silos across the state's universities. Activities could include:
 - Streamlining processes that help researchers work with companies across the state and with each other, including partnership agreements, shared-use facility arrangements, and other accommodations.
 - Developing working groups around key sectors related to Missouri's R&D strengths.
 - Encouraging collaborations that help the state's research institutions better compete for federal research funds that require a local match.

Action 8. Leverage the federal I-Corps program and provide startup services statewide to encourage commercialization activity.

- Continue to coordinate, support, and expand a statewide I-Corps program.
In particular, the state should:
 - Work with the newly reenergized RAM to scale the program across a greater number of colleges, universities, and research institutions. Expanding this effort statewide would assist an even greater number of researchers, faculty, and graduate students from across Missouri in launching new startups and in validating a technology's market potential.
 - Partner with Missouri's regional entrepreneurial support efforts to provide I-Corps training where the programs are currently unavailable.
 - Identify ways to provide follow-on support services for promising graduates of the I-Corps program.

Action 9. Provide comprehensive assistance for SBIR/STTR awards to further drive commercialization across the state, especially at Missouri's research institutions.

- Leverage the federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) program to help develop novel technologies into promising young companies. It is recommended that the state develop a comprehensive system to assist potential, current, and past SBIR/STTR awardees. This includes three components:

- Phase 0: Missouri should develop a new program that assists applicants pursuing a Phase I SBIR award.
- Phase I Match: Missouri should support an SBIR matching grant program that provides support for writing applications and serves as a bridge between Phase I and II awards.
- Phase 2 Match: For companies receiving a Phase II SBIR/STTR award, a matching grant could help them further develop commercially viable innovations.



STRATEGY FOUR: INSPIRE

Encourage more Missourians to participate in innovation and entrepreneurship.

Few things are as vital to the long-term prosperity of Missouri's entrepreneurial ecosystem as having access to the talent needed to grow and scale high-potential, high-growth firms. Interviews with key stakeholders suggest that not enough Missourians are participating in innovative and entrepreneurial endeavors either because they have never been connected to these firms and are unaware that they exist, or because they believe that they are not a fit with an entrepreneurial opportunity. Developing these connections will be critical in the state's efforts to support the formation and growth of entrepreneurial firms.

To address these challenges, four actions are recommended:

Action 10. Improve access to entrepreneurial programming for students in middle/high school and at community colleges and universities.

- Develop a statewide effort to improve access to programs that encourage student entrepreneurship through training, contests, and entrepreneurial-focused events.

Action 11. Fund an internship program that connects startups with talent.

- Connect students with paid internship opportunities, thereby providing startups and small businesses the opportunity to recruit their future workforce.

Action 12. Offer entrepreneurial education across Missouri through regional partnerships.

- Deliver nationally recognized approaches to lean startup education while also tailoring each program to the unique circumstances of specific regions and providing an entryway into support services.

Action 13. Enhance Missouri's storytelling capacity to encourage more Missourians to be entrepreneurial.

- Implement a storytelling campaign through aggressive marketing, public relations, and signature events that celebrates successful entrepreneurs who can serve as role models for would-be entrepreneurs currently sitting on the sidelines, unsure how to engage.



STRATEGY FIVE: CONNECT

Overcome physical and cultural barriers to better connect Missouri's communities with each other and with the world.

Connectivity is missing between the various components of Missouri's innovation and entrepreneurial ecosystem, both literally (e.g., broadband) as well as figuratively (e.g., perceived competition and siloed efforts). Over the last 10 years, while Missouri has made major strides in entrepreneurship/innovation, there is still a sense that the state is not reaching its full potential due to a range of disconnects and other environmental factors that impede further growth.

- **Inter- and intra-regional competitiveness is hindering the ability to realize “One Missouri.”** There is a need for initiatives that encourage greater levels of collaboration across Missouri. Many regions of the state exist in silos, and even within regions, there are further challenges related to coordinating existing resources and working together across silos. The geographic boundaries traditionally used to define some parts of the state may result in a fragmented distribution of resources. For example, within rural Missouri, the large geographic boundaries that define service areas can make it challenging for entrepreneurs to access services as a result of geographic distance. In the state's two largest urban settings, efforts have been taken in recent years to address long-standing inter-regional divisions, but challenges remain.
- **There is a disconnect with internal and external perceptions in the state regarding the importance of innovation and entrepreneurship to Missouri's economy.** There is concern that the defunding of MTC in FY18 sent a message throughout the ecosystem that the State of Missouri does not prioritize investments in innovation and entrepreneurship, but instead has withdrawn its support for the ecosystem. This has left founders, programs, and initiatives questioning whether the support and resources they need will be available.
- **Available and affordable high-speed internet is recognized as the greatest business infrastructure need across Missouri, and the greatest threat to Missouri's innovation climate.** The economic competitiveness of Missouri's communities depends on the widespread availability and accessibility of broadband, for every business and household in the state. To encourage innovation and entrepreneurship, modern technology infrastructure that can handle cloud, data processing, and other capabilities is needed.

To address these challenges, three actions are recommended:

Action 14. Realize One Missouri: Improve connectivity within and between regions.

- Foster connectivity among and between the various ecosystem partners from across the state via a variety of means, including conferences, technology showcases, pitch competitions, recognition/celebration events, workshops for entrepreneurial-related activities and training, cross-regional mentorship programs, etc.

Action 15. Link Missouri's innovation and entrepreneurial ecosystem to the world through an external marketing campaign.

- Undertake an external marketing campaign that communicates to key audiences, both domestically and internationally, the depth and breadth of Missouri's unique resources and opportunities that the state provides for advancing the innovation economy.

Action 16. Deploy broadband infrastructure across Missouri.

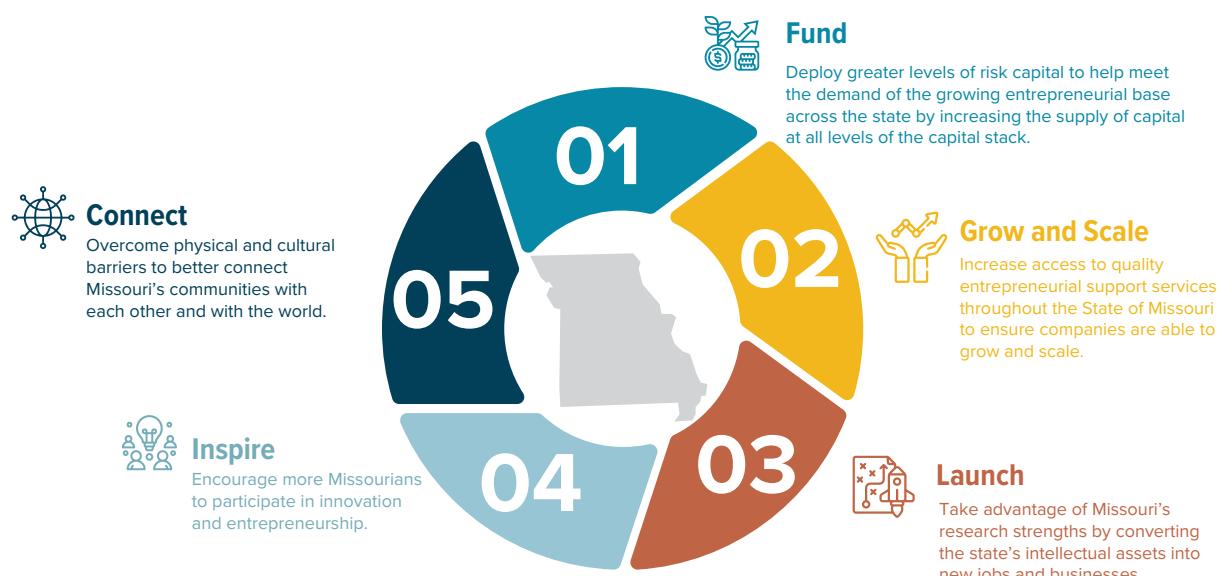
- Leverage federal resources to fund broadband infrastructure in underserved areas of the state. Ultimately, this strategy cannot successfully impact entrepreneurs across the state if Missouri's lack of broadband infrastructure is not addressed.

Summary

This strategic action plan for the State of Missouri charts a course for the state to encourage innovation and entrepreneurship over the next decade. For Missouri to see widespread economic growth across all its communities, there is a need to develop a robust innovation and entrepreneurial ecosystem that can foster the formation of novel businesses, help scale their operations, and sustain their growth as they generate new, high-paying jobs. Developing a robust ecosystem to support innovation and entrepreneurship is an essential part of encouraging economic development in Missouri.

Generating these outcomes does not happen on its own, but rather through a series of intentional, strategic, and proactive decisions. The innovation and entrepreneurial strategy is driven by public-private-philanthropic partnerships that capitalize on Missouri's strengths while ensuring that future innovation and entrepreneurial investments are focused on building the ecosystem that will help ensure the state's economic vitality for years to come (Figure ES-4).

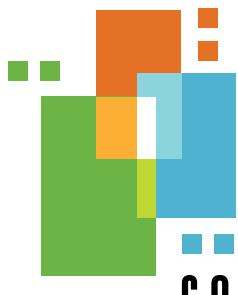
Figure ES-4: Five Strategies to Support Innovation and Entrepreneurship in Missouri



Source: TEconomy Partners, LLC.

A focus on these five thematic areas will help ensure the state's future economic vitality for all Missourians. Anticipated economic and societal impacts that will be realized from the successful implementation of this innovation and entrepreneurial strategy include better paying jobs with higher growth potential, the ability to weather future economic challenges, and inspired future generations who will reach their full potential.





MISSOURI
TECHNOLOGY
CORPORATION

Appendix B: FY25 Implementation Plan



IMPLEMENTATION PLAN

Fiscal Year 2025

Catalyzing Innovation

Strategies for Supporting
Entrepreneurs and Fostering
Innovation in Missouri



MISSOURI TECHNOLOGY CORPORATION

Core Values

Integrity

Honesty and candor are the foundation on which MTC builds long-term, trusting relationships with stakeholders.

Transparency

MTC is committed to openness in its operations and active communication with stakeholders.

Accountability

MTC recognizes that it holds a position of public trust and is the steward of public funds. MTC makes informed decisions, takes responsibility for its actions, and tracks the outcomes of its investments.

Independence

The governance, policies, programs, and funding decisions of MTC are nonpartisan and merit-based.

Collaboration

Meaningful partnerships can produce game-changing results for Missouri. MTC is committed to actively collaborating with strategic partners.

Mission

Our mission is to provide leadership and make strategic investments that help entrepreneurs create and grow technology-based Missouri businesses.

Vision

Our vision is to transform Missouri through the power of entrepreneurship by serving as a catalyst for technology-based innovation to achieve sustainable economic growth.



Executive Summary

Missouri Technology Corporation (MTC) is a public-private partnership created by the Missouri General Assembly to catalyze innovation and entrepreneurship within the State of Missouri by fostering the growth of Missouri-based high-tech companies. Through direct appropriations from the state budget and access to federally funded programs, MTC receives public funding to fulfill its mission of making strategic investments that help create and grow Missouri-based technology-based businesses.

The organization saw continued growth in public funding in FY24, including another year of a strong state appropriation and continued access to the federal SSBCI 2.0 program funds. For FY23 and FY24, MTC received over \$43.5 million in state funding, a significant increase from the \$3 million in FY22 and \$1 million in FY21. This allowed MTC to award over \$23 million in funding in FY24, a significant increase from previous years. Specifically, MTC awarded over \$11 million in IDEA Fund investments to over 35 Missouri-based high-growth potential companies and awarded nearly \$12 million through over 30 grants intended to expand the state's entrepreneurial capacity.

Additionally, the increase in state funding in the last two fiscal years has allowed the organization to launch new grant programs ([Physical Infrastructure](#) and [Regional Node](#)). Through these programs, MTC has distributed over \$4.5 million in grants, accounting for nearly 10% of total programmatic funding and nearly 50% of core grant funding overall.

Furthermore, the introduction of new grant programs has enabled MTC to significantly increase its grant-based support during the period, awarding grants to new organizations and expanding their reach to enhance the state's entrepreneurial capabilities, including increased funding to southern and central Missouri.

In the upcoming fiscal year, MTC will receive approximately \$8.25 million in funding from the state's FY25 budget. This support will enable MTC to launch new programs and initiatives, including an Angel Investor Education grant program, a Proof of Concept direct investment program, and programs to enhance early-stage startups 'investor readiness' across the state.

The ongoing support from increased state funding will enable MTC to sustain financial support for its core grant programs [MOBEC](#), [Physical Infrastructure](#), and [Regional Node](#). Additionally, continued access to the federally funded SSBCI program will allow MTC to continue its state-sponsored venture capital activities ([IDEA Fund](#)) and collaborate with Justine PETERSEN to launch a Loan Participation Program (IgniteMO). These programs have a strong history of driving economic development in Missouri.

MTC is enthusiastic about upcoming opportunities and dedicated to optimizing public funding to improve the efficiency, sustainability, and inclusivity of the entrepreneurial ecosystem. By working with stakeholders, engaging with the community, and strategic planning, MTC will continue to drive economic development by promoting innovation and entrepreneurship in the state.

Guiding Framework



The Missouri Technology Corporation (MTC) released a report titled "Catalyzing Innovation: Strategies for Missouri to Drive Innovation and Entrepreneurship" in February 2022. The report developed by TEconomy Partners, LLC (TEconomy) was informed by a robust, six-month planning process with guidance from a 16-member statewide steering committee and engagement from over 500 individuals across the state through a digital survey and virtual regional and statewide engagement meetings. Based on a data-driven analysis of the insights collected, TEconomy identified five bold and compelling strategies. They recommended a total of 16 action items*, categorized under five strategic approaches, to catalyze the state's innovation and entrepreneurship ecosystems to drive economic development over the next decade.

Additionally, TEconomy's analysis revealed that MTC has been an essential asset in driving economic development through entrepreneurship over the last decade. The organization's success resulted from strategic planning and execution surrounding the

promotion of entrepreneurship and innovation within the state's agrotechnology and biosciences industries and emerging high-growth technology markets. For Missouri to continue to maximize the economic development gains from the state's entrepreneurs, MTC proposes to lead the state in determining how to promote entrepreneurship and support the advancement of innovation and technology to continue to drive economic growth through the next decade.

This Implementation Plan outlines how MTC will execute the strategies suggested by TEconomy. It considers available resources, capabilities, and alignment with the organization's mission. MTC will lead some actions and provide support to others. The plan will be publicly released and updated annually for transparency and accountability.

**While there are a total of 16 action items recommended by TEconomy, it should be noted that not all of these actions will be led by MTC or prioritized for FY25.*



Strategic and Operational Initiatives

Strategy 1: Fund

STRATEGY 1: FUND

Deploy greater investment capital to help meet the demands of the growing entrepreneurial base.

Overview

While recognizing that the amount of risk capital dollars invested in Missouri has grown, it is also important to note that the number of deals has declined. This suggests a shift toward larger, later-stage investments and away from early-stage deals, making it difficult for many entrepreneurs across Missouri to access risk capital. Outreach across Missouri's innovation and entrepreneurship ecosystem revealed a range of challenges.

Photo Source: CoverCress



FY 2024 HIGHLIGHTING SUCCESS

Driving Progress & Delivering Results

To facilitate the distribution of risk capital across the state, MTC plans to leverage the federal State Small Business Credit Initiative (SSBCI) program. Originally established in 2010 as a recovery program during the previous recession, the initiative allocated around \$27 million to Missouri in 2011, with \$24 million specifically designated for MTC's state-sponsored venture capital program. Under the American Rescue Plan Act, the Biden administration has authorized \$10 billion for the program's reauthorization (SSBCI 2.0). This funding can only be utilized for five specific program types, including state-sponsored venture capital programs. This program is the sole federal relief program authorized to support venture capital activities.

On behalf of the State of Missouri, MTC worked with the Department of Economic Development (DED) to develop a proposal for the deployment of the state's \$95 million allocation from the federally funded SSBCI 2.0 program. In 2022, MTC's state-sponsored venture capital program ([IDEA Fund Co-Investment Program](#)) was approved by Treasury to deploy the federal funding. In May of 2024, the IgniteMO Loan Participation program, operated by Justine PETERSEN, was approved by Treasury to deploy the federal funding. The IgniteMO program was officially launched the following September.

Missouri's SSBCI 2.0 allocation was approximately \$95 million and is expected to be deployed over eight to ten years starting in FY23. In FY24, MTC awarded nearly \$11 million in SSBCI-funded equity-based investments to 36 Missouri-based high-growth potential early-stage companies. Through FY24, MTC has closed nearly \$4 million of the investment allocations into over a dozen early-stage companies.

Additionally, MTC continued to provide feedback and support for the Angel Tax Credit Bills that were passed by both the House and Senate during the 2024 legislative session.



Strategic and Operational Initiatives

Strategy 1: Fund



ACTION	FY 2025 DELIVERABLES
1. Catalyze additional investment capital funds across the capital stack.	<ul style="list-style-type: none">MTC will continue to manage the federally funded State Small Business Credit Initiative Program on behalf of the State of Missouri.MTC anticipates awarding \$8-10 million worth of equity-based investments to approximately 30 Missouri-based high-growth potential early-stage companies.MTC anticipates the launch of a \$15 million SSBCI-funded loan participation program that will provide access to more traditional growth capital to support businesses owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses).MTC will deploy proof of concept funding through a pilot program that will award equity-based investments of \$50,000 or less to the state's most promising high-growth potential companies that are at the earliest stage of seeking external capital to fund the initial commercial development of their products or services.
2. Incentivize angel investments.	<ul style="list-style-type: none">MTC will launch a pilot grant program for the purpose of funding 'investor education' programs throughout the state. Enhancing access to risk capital-specific educational programs for Missouri-based active and prospective Angel Investors should lower the barriers for new Angel Investors entering the market and increase early-stage investment activity within the state.
3. Evaluate the creation of Missouri Rural Vitality Funds to provide collateral for entrepreneurial loans.	<ul style="list-style-type: none">MTC will continue to assess the program's feasibility, identify potential partners, and develop a framework for a proof of concept pilot program.



Strategic and Operational Initiatives

Strategy 2: Grow & Scale

STRATEGY 2: GROW & SCALE

Increase access to quality entrepreneurial support services throughout Missouri to ensure companies are able to grow and scale.

Overview

Over the past decade, Missouri has experienced a significant startup formation rate of traded-sector firms. Although Missouri has made many strides in recent years to support these new establishments, there are many concerns that the entrepreneurial support assets and resources are not always equally available. Those Missourians living in rural areas and those considered underserved entrepreneurs, including women, veterans, immigrants, rural entrepreneurs, and LGBTQIA+ individuals, face challenges in accessing essential ecosystem services.

FY 2024 HIGHLIGHTING SUCCESS

Driving Progress & Delivering Results

MTC increased its programmatic budget to improve access to high-quality entrepreneurial support services in Missouri in FY24. The organization transitioned the pilot Physical Infrastructure Grant Program into a core grant program, providing affordable workspaces for entrepreneurs statewide. MTC also launched the Regional Node Planning Grant Program to assist regions in developing nodes to support innovation and entrepreneurship through partnerships among service organizations. Following this, MTC introduced the full Regional Node Grant Program, adding a third core grant program to its annual activities. This program funds the creation of regional front doors (nodes) to help entrepreneurs access resources and expand the state's entrepreneurial capacity. Both grant programs were developed based on recommendations from the Catalyzing Innovation Report.

In FY24, MTC awarded nearly \$12 million through over 30 grants, predominately to entrepreneurial support organizations and institutions of higher education, to expand entrepreneurial capacity throughout the state. This represents a significant increase compared to the \$1 million average awarded between FY20 and FY22.

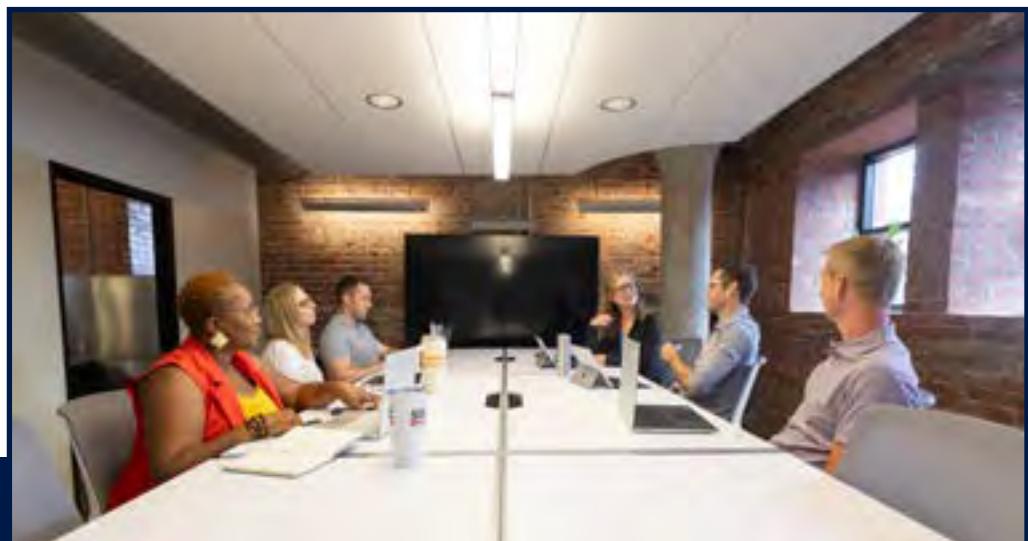


Photo Source: efactory

Strategic and Operational Initiatives

Strategy 2: Grow & Scale



ACTION	FY 2025 DELIVERABLES
4. Develop a statewide Entrepreneurial Pathways Program.	<ul style="list-style-type: none">MTC will continue to review the current landscape of commercially available online platforms to support an Entrepreneurial Pathways Program and review platforms developed and managed by peer organizations.
5. Foster regional efforts to provide quality entrepreneurial support services to high-potential, high-growth, traded-sector startups.	<p>Competitive Grant Programs</p> <ul style="list-style-type: none">MTC will continue to develop and pilot new competitive grant programs designed to enhance entrepreneurial capacity throughout the state.MTC will establish the Investor Education Grant Program to increase the number of active early-stage investors in Missouri by providing grant-based financial support to facilitate angel investor-specific education and training programs.MTC will seek to introduce programs to enhance early-stage startups' 'investor readiness' across the state. <p>Entrepreneur in Residence (EIR) Program</p> <ul style="list-style-type: none">MTC will evaluate the practicality of implementing Entrepreneur in Residence (EIR) Programs on a statewide or regional level.In FY25 or beyond, based on the feasibility assessment, an EIR Program will be designed and piloted.
6. Connect Missouri's corporate partners and anchor institutions with startups, thereby creating a "stickiness" to Missouri for the entrepreneurial endeavor's ultimate success.	<ul style="list-style-type: none">MTC will identify best practices by studying similar programs.In FY25 or beyond, after conducting a feasibility assessment, MTC will initiate a pilot program.



Strategic and Operational Initiatives

Strategy 3: Launch & Cultivate

STRATEGY 3: LAUNCH & CULTIVATE

Take advantage of Missouri's research strengths by converting the intellectual assets into market opportunities.



Overview

Developing a vibrant environment that encourages basic and applied research at colleges, universities, and within industry is essential if Missouri is to catalyze further innovation-led economic growth. It is also critical that Missouri can transfer the intellectual property developed at its colleges and universities into new products, services, and businesses, and ultimately, into new jobs and investments. There is untapped innovation and entrepreneurial potential within Missouri's research institutions.



FY 2024 HIGHLIGHTING SUCCESS

Driving Progress & Delivering Results

The Research Alliance of Missouri (RAM) Committee was established in 2003 with the aim of fostering collaboration between businesses and universities in Missouri. Its primary goals were to coordinate research efforts and enhance technology accessibility for local businesses. After a period of inactivity, the Committee was briefly reconvened in 2017. Throughout its history, the RAM Committee has been led by the Executive Director of the MTC, who plays a crucial role in advancing the Committee's mission and goals.

In July of 2022, MTC organized a meeting with the Vice-Chancellors for Research (or equivalent) from Washington University, University of Missouri – Columbia, Saint Louis University, University of Missouri – Kansas City, University of Missouri – St. Louis, and Missouri State University. The purpose of the meeting was to explore the revival of the RAM Committee. As a result, it was determined that the RAM Committee will meet twice a year with the mission of providing the leadership and strategic vision required to develop and support efforts to effectively convert the intellectual assets of Missouri's research institutions into market opportunities.

The members of the RAM Committee believe that by working together they have the ability to unlock the untapped innovation and entrepreneurial potential within Missouri's research institutions allowing innovation to prosper and drive economic development.

ACTION

FY 2025 DELIVERABLES

7. Reenergize the Research Alliance of Missouri (RAM) as a mechanism for bringing together the major research institutions of the state to solve common innovation continuum challenges.	<ul style="list-style-type: none">In FY25 and beyond, MTC will continue to facilitate and manage the RAM Committee.
8. Leverage the federal I-Corps program and provide startup services statewide to encourage commercialization activity.	<ul style="list-style-type: none">MTC will conduct further research on the existing I-Corps Programs in Missouri, as well as other statewide I-Corps programs, in order to identify best practices for possible implementation.

Strategic and Operational Initiatives

Strategy 4: Inspire

STRATEGY 4: INSPIRE

Encourage more Missourians to participate in innovation and entrepreneurship.

FY 2024 HIGHLIGHTING SUCCESS

Driving Progress & Delivering Results

The efforts made in FY24 laid the groundwork for greater visibility and engagement, with plans to improve MTC's image and storytelling in FY25. In FY25, the focus will be on detailed storytelling, continuing quarterly newsletters, and introducing a new quarterly newsletter specifically highlighting MTC funding opportunities. To increase visibility, FY25 will explore new external visual communications such as website redesign and rebranding.

Overview

Few things are as vital to the long-term prosperity of Missouri's entrepreneurial ecosystem as having access to the talent needed to grow and scale high-potential, high-growth firms. Interviews with key stakeholders suggest that not enough Missourians participate in innovative and entrepreneurial endeavors, either because they have never been connected to these firms and are unaware that they exist, or because they believe they are not a fit for an entrepreneurial opportunity. Developing these connections will be critical in the state's efforts to support the formation and growth of entrepreneurial firms.

ACTION	FY 2025 DELIVERABLES
10. Improve access to entrepreneurial programming for students in middle/high school and at community colleges and universities.	<ul style="list-style-type: none">MTC will conduct research on potential partner organizations and evaluate the possibility of providing funding for mentorship opportunities. These opportunities aim to connect students with accomplished entrepreneurs, enhancing their learning experience.
11. Fund an internship program that connects startups to talent.	<ul style="list-style-type: none">MTC will conduct research on the best practices and compile an inventory of existing internship programs that specifically emphasize entrepreneurship in the state of Missouri.
13. Enhance Missouri's storytelling capacity to encourage more Missourians to be entrepreneurial.	<ul style="list-style-type: none">MTC will utilize digital platforms and social media to increase and enhance storytelling capabilities statewide.MTC will research new branding and communication initiatives, including redesigning the website to serve as a centralized online platform showcasing entrepreneurial resources and functioning as a hub for entrepreneurs.MTC will finalize an impact-based storytelling project that will capture the stories of how MTC has catalyzed and supported entrepreneurship throughout Missouri for more than a decade.MTC will launch a digital storytelling project showcasing state-sponsored venture capital's role in the growth of Missouri's biotech and agtech sectors, highlighting MTC's impact on innovation and entrepreneurship.

Strategic and Operational Initiatives

Strategy 5: Connect

Overview

Connectivity is missing between the various components of Missouri's innovation and entrepreneurial ecosystem, literally (e.g., broadband) and figuratively (e.g., perceived competition and siloed efforts). Over the last ten years, while Missouri has made significant strides in entrepreneurship/innovation, there is still a sense that the state is not reaching its full potential due to a range of disconnects and other environmental factors that impede further growth.



STRATEGY 5: CONNECT

Overcome physical and cultural barriers to better connect Missouri's communities with each other and with the world.



ACTION

FY 2025 DELIVERABLES

14. Realize One Missouri: Improve connectivity within and between regions.

- In FY25 and beyond, MTC will leverage the Regional Node and Physical Infrastructure Grant Programs to establish and pilot peer working groups aimed at fostering connections and facilitating the exchange of best practices among ecosystem partners and stakeholders.



Photo courtesy of the Federal Reserve Bank of Kansas City



The logo for MTC (Missouri Technology Corporation) is displayed. It features the letters 'MTC' in a large, bold, dark blue sans-serif font. The letter 'M' is a standard 'M', the letter 'T' is a standard 'T', and the letter 'C' is a standard 'C'. The logo is set against a dark blue rectangular background that is positioned in the upper right quadrant of the page.

MTC

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